

CHAPTER 2 — BUDGET DEVELOPMENT

ARTICLE 1 — BUDGET PLANNING

Revised April 25, 2001

21010.1 Budget Planning —Policy

The Department shall submit an annual budget that is consistent with the policies set by the Governor, the Secretary of the California Department of Corrections and Rehabilitation, and the Director, Department of Finance (DOF).

21010.2 Purpose of Budget Planning

This Article describes the Department's portion of the process for submittal of the Governor's Budget exclusive of Major and Minor Capital Outlay projects. For a description of the Major and Minor Capital Outlay processes, see the DOM Chapter 2, Article 4, Capital Outlay.

21010.3 Budget Planning Responsibility

The Budget Management Branch (BMB) provides coordination for the central support budget planning process.

21010.4 Budget Planning Preparation Calendar

Based on DOF's established schedule, the BMB issues a calendar of actions and deadlines required in the preparation of the Governor's Budget. This serves as a guideline for operating units of the Department to schedule workloads accordingly. Because requirements change annually and State revenues may not be available as anticipated, this calendar is subject to numerous changes.

21010.5 Budget Process

The Budget Act is the primary source for appropriations and provides for the usual and current expenses of the State. Departments are responsible to operate within budgeted levels and to comply with any restrictions or limitations enacted by the Legislature. The Legislature has provided provisions in the Budget Act to allow for budget adjustments. These provisions include authorizations for: intra-item transfers (Section 26.00), deficiencies (Section 27.00), changes to federal funding levels (Section 28.00), and changes to reimbursements (Section 28.50).

The basic concept of budget development uses incremental budgeting. This approach uses the current departmental level of funding as a base amount to be adjusted by change proposals. The Budget Change Proposal (BCP) is the traditional decision document to change the level of service or funding sources for activities authorized by the Governor and the Legislature, or to propose new program activities not currently authorized.

21010.6 Requesting Budgetary Resources

The following are standardized processes used to request budgetary resources:

Policy Budget Change Proposal

The BCP process is used to request the increase, decrease, or redirection of resources due to changes in existing programs, departmentwide problems, policies, procedures, mandates, increase/decrease in workload, etc. The Office of Fiscal Services (OFS) issues instructions annually to set forth overall budgetary policies and the BCP process and timelines. The BCP process usually starts with the Budget Concept Statement (BCS), which is an internal departmental process. BCPs have to be clear, concise, direct, and supported with factual statements and workload data. Approval of this request by the Governor and the Legislature will address changes in resources for the budget year. Current year resource changes will be addressed in either a deficiency request, changes to federal funding levels, or changes to reimbursements, as appropriate.

BCPs containing information technology (IT) components related to IT projects, generally must secure Department of Information Technology approval of the related Feasibility Study Report or Special Project Report prior to submission of the BCP to DOF. These BCPs are subject to the same DOF submittal deadlines.

For BCPs that are tied to a Capital Outlay project, program staff need to coordinate with the Capital Outlay staff to include information that is consistent with the Capital Outlay BCP.

If a requesting program's BCP affects other administrative or operational entities within the Department, the requesting program must contact the affected entity(s) for input on whether additional resources are needed to offset the workload. The requesting program shall coordinate the inclusion of any identified resources into the BCP. If a BCP affects another State Agency, program staff must contact the other agency to

ensure that they concur and will not be in opposition of the BCP. When sending BCP related documentation to another State Agency, the following statement is to be included on all correspondence: "CONFIDENTIAL: DO NOT FORWARD OR DUPLICATE EXCEPT TO AUTHORIZED STAFF."

Responsibility for BCPs

Individuals who direct the preparation and submission of BCPs are as follows:

- Chief Financial Officer, OFS.
- All Chief Deputy Secretaries.
- All Assistant Secretaries.

Population Budget Change Proposal

A Population Budget Change Proposal (POP BCP) is processed every year, starting in the Fall (September), to address changes in resources as a result of projected population changes (inmates/parolees) in both the current and budget years.

Population Projections Fall/Spring

Utilizing the projections issued by the Estimates and Statistical Analysis Section (ESAS), of the Offender Information Services Branch (OISB), and the construction schedule issued by the Office of Facilities Management, the program support unit of the Division of Adult Institutions schedules the placement of inmates in what is known as the "Institution Activation Schedule." Based on this schedule, the ESAS issues the following projections in September/October of each fiscal year (July 1 to June 30):

- Preliminary estimates of prison and parole populations for the preparation of the budget which becomes effective July 1 of the following year.
- Revised population estimates for the current fiscal year.

In February/March of each fiscal year, these projections are revised by the ESAS and utilized in the May Revision of the Governor's Budget.

Finance Letter

This is an emergency Policy BCP request for unforeseeable issues that arise after the Governor has submitted the budget request to the Legislature. Finance Letters are usually submitted in February. Approval of this request by the DOF will revise the budget previously submitted to the Legislature in January.

May Revise

A BCP submitted to the DOF (April 1) and then to the Legislature (May 15) to request augmentation to the Governor's Budget for population (inmate/parolee) change in both current and budget years. This document is submitted in the Spring as a revision to the budget previously submitted to the Legislature in January.

Deficiency Requests

The deficiency request allows Departments to add monies to their budget in the current year to address immediate program changes (i.e., population increases). The request is to be submitted as soon as the need is identified for unforeseen and significant costs over and above what is in the budget. The deficiency request is submitted to the CDCR, DOF, Governor, and the Legislature for approval.

The deficiency process is also used to recover those funds spent during an emergency, which cannot be absorbed by existing resources. The Secretary has defined an emergency as a sudden, unexpected occurrence that poses a clear and imminent danger requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services. An emergency has to be an event of large magnitude and severe impact, such as, but not limited to, earthquake, flood, tornadoes, major riots, severe and prolonged disruption of utilities, etc. Only in extreme emergencies are departments allowed to incur expenditures prior to securing the proper funding. However, such expenditures still need to be submitted to the CDCR, DOF, Governor, and the Legislature for approval. Therefore, managers need to immediately (within the next business day of the emergency) notify their chain of command and the OFS of the emergency and, at the end of the emergency, submit to OFS an expenditure report of all costs incurred. Once the OFS validates that those costs meet the requirements of an emergency, it will immediately notify the Office of the Secretary, CDCR, and DOF of its intent to file for a deficiency (if the costs cannot be absorbed).

Approval Process

Any budgetary request will be forwarded to the CDCR for approval prior to final submittal to DOF in compliance with State Administrative Manual (SAM) Section 6120.

21010.7 Budget Change Proposal Adjustments

Adjustments are often required between the final submission of BCPs and the final preparation of the Governor's Budget. The OFS shall notify departmental administrators of such changes and recommend proper action.

21010.8 Budget Allotments

By August 1 of each fiscal year, an initial allotment is issued for each facility, office, and division, provided timely passage of the Budget Act. As the fiscal year progresses and changes are made to the budget, corresponding changes are made to the allotments through budget change notices.

21010.9 Fiscal Reviews

Fiscal reviews are an important process for ensuring that the Department remains fiscally sound. The areas involved with the fiscal review process are:

Programs

Each facility, office, division, and parole region will complete a Monthly Budget Plan (MBP) document using the standardized methodologies listed in the MBP instructions. For those line items with no standardized projection methodology, a detailed explanation is to be provided. The MBP will be submitted to the BMB on the first working day of every month starting with September 1 of each fiscal year. Instructions for completing the MBP can be requested from the BMB. Programs have to continuously monitor their fiscal situation and quickly raise financial problems to the OFS/BMB as soon as they become known. During the month of February, fiscal reviews are held at headquarters to validate the projected expenditures by facility, office, division, and parole region. At the fiscal reviews, Wardens, Health Care Managers, Associate Directors, Deputy Directors, Parole Administrators, and Departmental Managers are expected to:

- Identify the reasons for a potential budgetary surplus/deficit (over-expenditure or lack of funding).
- Identify measures to be taken to offset a potential deficit (if any).
- Provide detailed information (by Agency Object Code) for Temporary Help and Overtime expenditures.
- Provide a clear and accurate reflection of their operation's fiscal state.

Office of Financial Services/ Budget Management Branch

The OFS is responsible for overseeing the fiscal review process and making recommendations to Executive Staff. The BMB, which reports to the OFS, is responsible for reviewing and analyzing the MBP and providing feedback to all facilities, offices, divisions, and parole regions. The BMB Budget Analyst is responsible for reviewing and analyzing the MBP for both Program 21-Institutions and Program 22-Health Care Services for the same institution. The BMB roles and responsibilities for Program 22 are defined in a Memorandum of Understanding between the Division of Correctional Health Care Services and the OFS. The BMB will provide training to the BMB Budget Analysts and the institutions' managers and Budget Analysts about how to make fiscal projections and understand cost data. This training module will also include an indepth discussion on the fiscal and operational challenges of managing a prison. The BMB provides a monthly expenditure roll up of each program to the Deputy Directors/Associate Directors and a MBP roll up of all departmental programs to the Office of the Secretary.

Executive Office

The Director, Division of Support Services, and the Chief Deputy Secretary, Adult Operations, or their designee will Chair fiscal reviews and make final decisions on the approval/disapproval of expenditure projections. The committee shall consist of:

- Undersecretary.
- Director, Division of Support Services.
- OFS.
- Chief, BMB.
- Respective Directors or designee.

21010.10 Fiscal Responsibility

Government Code (GC) Section 13324 states: "Every person who incurs any expenditure in excess of the allotments or other provisions of the fiscal year budget as approved by the Department (OFS) or as subsequently changed by or with the approval of the Department (OFS), is liable both personally and on his official bond for the amount of the excess expenditures." The Chief Deputy Secretaries and Assistant Secretaries approve all policy decision. However, Wardens, Health Care Managers, Assistant Secretaries Deputy Directors, and Parole Administrators have the primary responsibility to follow approved policies and remain within budgetary authority by adhering to the following guidelines:

- Notify the OFS as soon as possible of new policy, procedures, or changes in policy and procedures that may have a fiscal impact. Fiscal impact is defined as an increase in cost that is not funded and cannot be absorbed within existing resources in the current or subsequent fiscal year(s). If a program is operating a deficit mode then there shall be no changes that will increase costs. Follow the established process to acquire additional funding.

- Immediately notify the appropriate chain of command and the OFS of an emergency that may require expenditures to be incurred prior to securing the Office of the Secretary's approval and the appropriate funding.
- Immediately notify the appropriate chain of command, Office of Legal Affairs and the OFS when the Department is compelled by court order or other legal process to make non-budgeted expenditures. The OFS shall contact the CDCR and DOF to begin the process of securing the necessary funding.
- Hold in abeyance the implementation of new or adjusted policies and procedures until the Office of the Secretary's approval and proper funding is secured.
- Agreements with local unions must stay within the parameter of the contract and authorized resources, and must not have a statewide impact.
- Follow the established budget process to request additional resources (Policy and Population BCPs, Finance Letters, May Revise, Deficiency Requests).
- Minimize Temporary Help and overtime expenditures.
- Eliminate unauthorized positions.
- Position upgrades (reclassifying a position to a classification with a higher salary) must be accomplished within existing resources.
- Achieve 100% of the savings identified in the Institutions Vacancy Plan.
- Control sick leave usage in conformance with DOM Chapter 3, Article 8.
- Maximize the use of Permanent Full Time and Intermittent Officers.
- Eliminate programs for which no funding is available.
- Eliminate the liability for accumulated holiday leave and excess vacation and annual leave balances by utilizing the budgetary authorized holiday/vacation relief factor (excluding relief factors that are included in the Institutions' Vacancy Plan).
- Closely monitor the MBP.
- Reduce or postpone non-critical expenditures as long as a budget deficit is projected.
- It is the responsibility of the Warden, Health Care Manager, Associate Director, Deputy Director, or Parole Administrator to ensure that the BMB is notified immediately via the MBP cover memorandum when a projected budget deficit is anticipated. Also, it is their responsibility to submit an action plan addressing every action available to eliminate such projected deficit.
- Prior to awarding medical contracts, for preferred provider hospitals, program staff will prepare a cost benefit analysis of prospective contractors who can provide the necessary level of patient care including: the cost of the medical component and the custody component. Custody and medical costs need to be taken into consideration and the contractor who can provide the required levels of care at the lowest cost to the State of California will be selected as the preferred provider.

21010.11 Policy Decisions and Fiscal Impact

The Chief Deputy Secretaries and Assistant Secretaries approve all departmental policy changes as set forth in DOM 11010.8. The program division Directors shall prepare a request to change policy identifying the scope of the recommended policy change and any fiscal impact. The Director shall route the recommended policy change package to the OFS who shall analyze the projected fiscal impact and ensure the proposal has been costed accurately and the program has identified the funding source and availability of funds for the recommended change. Based on OFS analysis, the CFO will determine one of the following:

- The funding for the request is identified, but not yet allotted to the program. In this situation, the CFO will respond directly to the program, and not forward the request to the Office of the Secretary.
- The program could internally redirect funding within its allotment. Similarly to the above situation, the CFO will respond directly to the program. However, if the program disagrees with the CFO's determination, the CFO shall forward the request along with a recommendation to the Office of the Secretary for final decision.
- No funding is available to implement the request, but program has identified a critical/time sensitive need. In this situation the request will be forwarded to the Office of the Secretary and follow the process for Non-Urgent Requests as described below.

No policy decisions shall be recommended for implementation without the funding being identified, secured, and if necessary, approved by the Office of the Secretary and DOF.

Non-Urgent Requests

Non-urgent requests are to be submitted to the Office of the Secretary, CDCR, and DOF through the normal budgetary process described in Sections 21010.5 and 21010.6. The OFS will work with the program staff to identify which of the processes described in these Sections is to be used to request funding prior to implementation of the change.

Urgent Requests

For urgent requests, the following steps will be taken as expeditiously as possible:

- Program makes request to their Headquarters chain of command, with a copy to the OFS, using the BCS format.
- Deputy Director submits request to OFS for analysis of fiscal impact.
- The OFS reviews and submits to the Office of the Secretary with recommendation to approve or disapprove.
- The Office of the Secretary approves or disapproves and returns to OFS.
- If disapproved, the OFS returns to the originator, closing the request.
- If approved, the OFS immediately notifies the CDCR and DOF to secure approval prior to implementation of a policy change.
- The OFS will work with the DOF on the best approach to acquire additional resources within the budgetary cycle.

21010.12 Inmate Welfare Fund

The Inmate Welfare Fund (IWF) is shown as a separate item in the Budget Act and is subject to the same schedule as the Department's.

Information about the IWF is contained in DOM Chapter 2, Article 20.

21010.13 Revisions

The CFO, OFS, or designee shall be responsible for ensuring that the contents of this Article are kept current and accurate.

21010.14 References

SAM § 6120

BA § 32.

VCGCB Rule § 614.

DOM §§ 11010.8, 21010.5, and 21010.6.

ARTICLE 2 — OPERATING EXPENSES AND EQUIPMENT

Revised April 25, 2001

21020.1 Policy

The Department shall allocate all available funds required for departmental operating expenses.

21020.2 Purpose

This Article describes the allocation process for Operating Expenses and Equipment.

21020.3 Allocation of Funds

By August 1, the BMB shall issue a program/line item budget allocation to each facility office, and division, provided timely passage of the Budget Act. This shall normally be an allocation of the total funds available for operating expenses. If additional funds become available during the fiscal year, subsequent allocations of these funds shall be made at the earliest possible opportunity.

Subsequent changes to original allocations shall be transmitted by numbered budget change documents during the fiscal year. In some instances, informational letters about the changes shall precede the budget change document, but shall not be used to enter the change into the official accounting records. This shall be done only after the budget change document is issued.

21020.4 Schedule 9, Equipment

The Schedule 9 process is for replacing existing equipment only. Equipment for new positions or new programs shall be requested via the BCP process. Equipment reported in the Schedule 9 has a unit acquisition of \$5,000 (e.g., four identical assets at \$3,000 each, for a \$12,000 total would not meet the requirement). For more information, refer to SAM Section 8602.

The BMB sends specific instructions annually (around end of August) on how to complete the Schedule 9 process. DAI, DAPO, and each Headquarters' division/office need to complete the Schedule 9.

21020.5 Written Justification for Requested Equipment

Except for those complements related to new positions, a CDC Form 533, Equipment Budget Request, detailing the description of the equipment, its function, and the need for it shall be attached to the Schedule 9.

21020.6 Equipment for New Positions

Equipment needs related to new positions shall be included in the BCP for the position and submitted to BMB for computation of cost of

standard office equipment complement. If equipment and furnishing are required beyond the standard office complement, it must be identified by description and cost in the BCP.

21020.6.1 Standard Equipment Complements

When requesting standard equipment complements, the basic equipment complement guidelines, which are utilized in new prison construction, should be referred to for guidance. For the purpose of BCP, BMB calculates a standard office furnishing complement. This complement, based on classification, may include a chair, table, desk, bookcase, and personal computer or calculator, where applicable.

21020.6.2 Special Equipment

Request for special equipment (major equipment that can not be acquired through the Schedule 9 process) shall be identified in a BCP by description and estimated cost. BCPs shall be submitted to BMB for either inclusion in the Governor's Budget or submission through the Finance Letter process. The Finance Letter process is only used for proposals of critical nature and is not to be used as an extension of the Fall BCP process.

21020.7 Inmate Pay

See the DOM Chapter 5, Article 12 for instructions relating to inmate pay.

21020.8 Minor Capital Outlay

See DOM Chapter 2, Article 4 for instructions relating to Minor Capital Outlay.

21020.9 Revisions

The CFO, OFS, or designee shall ensure that the contents of this Article are accurate and current.

21020.10 References

SAM § 8602.

DOM §§ Chapter 2, Article 4 and Chapter 5, Article 12.

ARTICLE 3 — UNASSIGNED

ARTICLE 4 — CAPITOL OUTLAY

Revised June 11, 2002

21040.1 Policy

In order to identify capital improvement needs and plan for the funding and accomplishment of this activity, the California Department of Corrections and Rehabilitation (CDCR) annually prepares a five-year plan for these improvements along with a project plan for the budget year (i.e., year one of the five-year plan).

21040.2 Purpose

This Article outlines the CDCR's Office of Facilities Management (OFM) procedures and guidelines for development and submission of the five-year capital improvement plan and construction projects for approval.

21040.3 Authorization

Projects included in the Budget Act, and any other legislation, are authorized for planning, design, and construction in accordance with the effective date of the authorizing legislation.

21040.4 Responsibility

The OFM shall maintain the CDCR's five-year plan for major construction projects and direct the planning, design, and construction of all projects authorized by the legislature. Penal Code (PC) Section 7000 authorizes the CDCR to prepare plans for and construct facilities and renovations included within its Five-Year Infrastructure Plan. The CDCR may transfer the responsibility for undertaking any aspect of the plan to the Department of General Services (DGS).

21040.4.1 Request for Project Undertaking by State Agency

The OFM may delegate the completion of funded projects subject to the Department Operations Manual, Section 21040.4, to a CDCR facility. All projects to be undertaken by a facility require approval from DGS using a Standard (STD) Form 23, Request for Project Undertaking by State Agency, applicable to undertake projects from \$120,000 to \$400,000 excluding those projects authorized for completion by the Inmate Day Labor (IDL) program or those the CDCR undertakes under the authority of PC 7000.

Note: The cost limitation is adjusted upward or downward by the Director of the Department of Finance (DOF) every two years to reflect the percentage change in the California Construction Cost Index (CCCI) as used by DGS. For purposes of compliance with this Section, the current cost limitation can be obtained by contacting the Capital Outlay Section of OFM.

21040.5 Definitions

The following definitions are included as a guide, but any definitions in statute shall supersede the definitions in this Article.

Major Capital Outlay

Major capital outlay projects include the following:

- Any real property acquisition including the exercise of a lease purchase option.
- New construction, extension, or betterment in excess of \$400,000.
- Fixed and movable equipment necessary for the initial occupancy of a new facility.

Minor Capital Outlay

Capital outlay construction projects estimated to cost \$400,000 or less.

Special Repairs

Repair projects that, irrespective of cost, continue the usability of a facility at its designed level of services are termed special repairs. The nature of these repair projects is considered extraordinary, either in amount or occurrence, and extends the life of the facility or infrastructure.

Alterations

Any modification to a State building that changes the use of the building in function, layout, capacity, or quality is an alteration. New construction may be considered an alteration. Typical alterations include the demolition and construction of new walls and additions up to the limits in Section 6.00 of the Budget Act (Section 6).

Maintenance

Maintenance projects are intended to keep structures, grounds, equipment, and facilities within acceptable standards of structural condition, appearance, and utility.

Budget Package

A budget package consists of schematic drawings, outline specifications, and a cost estimate. Packages shall be descriptive to convey accurately the location, scope, cost, and nature of the improvement being proposed.

Preliminary Plan

The preliminary plan includes site plan, architectural floor plans, elevations, outline specifications, and cost estimate. For each utility, site development, conversion, and remodeling project, the drawings shall be descriptive to convey accurately the location, scope, cost, and nature of the improvement being proposed.

Working Drawing

Working drawings include a complete set of plans, specifications, and final cost estimate that show/describe all phases of a project (architectural, structural, mechanical, electrical, civil engineering, and landscaping systems) to the degree necessary for accurate bidding by contractors and for the use of artisans in constructing the project. All necessary professional fees and administrative service costs shall be included in the final cost estimate.

Construction

Construction projects are those that create new or improved real property. A capital outlay project shall include all related items such as fixtures, installed equipment (commonly referred to as Group I equipment), auxiliary facilities, contingencies, project construction management, administration, and associated costs like design and loss of productivity. Group II equipment, movable equipment, such as tables and chairs, will be included as necessary and appropriate.

21040.6 Alterations

Alteration projects shall normally be budgeted in the capital outlay budget category as part of the building construction program. Funds from the State operations' budget category may only be used for alterations if they meet the criteria established under Section 6.00. Pursuant to Section 6.00, no support funds may be used for any project for alteration of a State building requiring total expenditures of \$100,000 or more unless the Director of DOF determines that the proposed alteration is critical and it is necessary to proceed using funds appropriated for support purposes. The maximum cost of any project undertaken under Section 6.00 authorization shall not exceed \$400,000. Any construction project estimated to be less than \$1,000, and includes all of the following, may be undertaken by the facility:

- The alterations do not increase program costs and/or personnel year requirements.
- The alterations do not create life, safety, or environmental problems.

21040.7 Development of the Capital Outlay Five-Year Plan for Existing Facilities

As part of the State's construction program, the CDCR shall maintain a five-year plan for major construction projects. The plan shall be

prepared in accordance with Government Code (GC) Section 13100 and in compliance with directives from DOF, including the following:

- The CDCR's projected capital outlay needs for five years beyond the period covered by the latest Governor's Budget.
- Capital Outlay Budget Change Proposal's (COBCP) for each project which CDCR wishes to include in the next budget year.
- A listing in priority order of CDCR's proposed capital outlay program for the upcoming fiscal year.

Note: The plan is prepared annually and may be modified at that time.

February 1

The CDCR's Five-Year Infrastructure Plan shall be submitted to the DOF each February.

21040.8 Preparation of Request for Capital Outlay Projects

The COBCP's are the formal requests for capital outlay projects submitted for approval in the five-year plan. They should be prepared in sufficient detail to describe the type of improvements requested. A COBCP shall include the following information regarding the project:

- Purpose of the project.
- Relationship to the Strategic Plan.
- A discussion of alternatives.
- The recommended solution and rationale for choosing it.
- A detailed scope description.
- The basis or source of the cost information.
- Description of any impacts to the support budget.
- Identification of any perceived project risks.
- A proposed project schedule that identifies start and completion of the various funding phases (i.e., preliminary plans, study, etc.).
- A detailed cost breakdown.
- A Management Plan (how will the project be accomplished, swing space, etc.).

21040.9 Capital Outlay Timetable

The following schedule has been established to meet the CDCR and DOF time frames. A detailed timetable for the current budget cycle shall be developed annually and provided to the facilities. Facilities shall adhere to this annual timetable so that analysis and processing may occur in an orderly and effective manner within statewide deadlines. Dates on which facilities are required to submit items are the dates for OFM action in order to forward the items to the Secretary, CDCR, and DOF within the statewide deadlines:

Year One:

March

The OFM shall issue a "Budget Call Letter" to all facilities requesting the development of budget concept papers for the major and minor capital outlay program and identifying the time frames for the upcoming budget cycle.

April

Deadline for the receipt of concept papers for all major and minor capital outlay projects.

May

Capital outlay analysts may conduct on-site reviews of all proposed projects in preparation for project priority setting.

A committee that includes representatives of the Division of Adult Institutions, Division of Correctional Health Care Services, Office of Substance Abuse, Joint Venture Program, and OFM makes project priority recommendations. These recommendations are the basis for determining which projects should be fully developed into COBCP's.

Based on the approved priorities and subject to the availability of funding, facilities are given approval to develop COBCP's.

July

Deadline for submission of COBCP's to OFM.

September

Review and discussion of project analysis, recommendations and COBCP's deficiencies are conducted with facility staff.

October

All final COBCP's are due to OFM.

November

The OFM recommendations and analysis are submitted to the Office of the Secretary to establish the final priority list for the CDCR's capital outlay program.

January- February 1

The existing facilities five-year capital outlay plan is submitted to the CDCR for approval and then to DOF.

Year Two:

July – August

Final approved list of projects submitted to DOF.

September- December

State Capital Outlay Program Evaluation meetings and review are conducted with DOF. Capital outlay budget hearings are held with the DOF and the CDCR to determine which projects will be included in the Governor's budget for the upcoming fiscal year.

January

The Governor's Budget and Budget Bill are submitted to the Legislature.

February

The CDCR identifies capital outlay projects that were not included in the Governor's Budget, but have become critical. Justification identifying why the projects are now critical must be included in a Finance Letter submission.

March

The CDCR receives the Legislative Analyst's Office recommendations of the Governor's Budget.

April-June

Legislative hearings on the Budget Bill are held. During this time, the OFM continues to work with DOF and the Legislative Analyst's Office to resolve outstanding issues.

July

This is the earliest effective date of the Budget Act. Notification of all major and minor capital outlay projects approved in this process is prepared for transmittal to the institutions and other interested programs.

21040.10 Project Design

Project design is the process that converts the concepts outlined in COBCP's into a set of plans and specifications that will allow the project to be constructed. The planning process for major capital outlay projects is divided into two major sections:

- Preliminary plans (or design drawings) include site plans, architectural floor plans, elevations, outline specifications, and cost estimates. This stage in planning is identified in order to review architectural and engineering input to ensure the project still meets facility objectives and is consistent with legislative scope and cost. Preliminary plans shall be reviewed by DOF and approved by the State Public Works Board (SPWB).
- Working drawings (or construction documents) are preliminary plans with full architectural and engineering detail. These plans are developed in sufficient detail to instruct any construction organization how to build the project and identify what materials and equipment must be approved by DOF before any construction can take place.

21040.11 Project Construction

Major capital outlay construction can be accomplished in three ways. All public works not specifically exempted are administered by the DGS. Upon approval of working drawings by the DOF, they may authorize DGS to bid the project to private contractors. The lowest responsible bidder may then construct the project. The second method of construction utilizes IDL. The IDL utilizes a combination of State staff, trade union labor, and inmates to accomplish the capital outlay project. The IDL requires the approval of DOF, SPWB, and Prison Industries Board and is subject to the availability of resources. A third method that we now have available is under PC 7000 which allows the CDCR to use new prison construction resources and processes.

21040.12 Scope Changes

After the project is authorized for design and/or construction, it may be necessary for the CDCR, DGS, or the contractor to add, delete, or modify components of the project. If that change significantly modifies the size, shape, assigned space, or physical characteristics of the project, written approval shall be obtained from the DOF and the Legislature. Minor capital outlay scope changes only require DOF approval.

21040.13 Revisions

The Deputy Director, OFM or designee shall be responsible for ensuring that the contents of this Article are kept current and accurate.

21040.14 References

PC §§ 2816, 2817, and 7000.

GC §§ 13100, and 13332.11.

SAM §§ 6600 – 6724.

Section 6.00 of the Budget Act.

Public Contracts Code § 10108.

ARTICLE 5 - REIMBURSEMENTS

Revised September 17, 2009

21050.1 Policy

The California Department of Corrections and Rehabilitation (CDCR) shall recover the full costs of reimbursable goods and/or services, unless full cost recovery has been prohibited by statute.

21050.2 Purpose

This Article shall specify the requirements for full cost recovery on reimbursable goods and/or services.

21050.3 Responsibility

The Office of Fiscal Services (OFS), through the Budget Management Branch (BMB) shall ensure the inclusion of the reimbursements in the Governor's budget and the allocation of reimbursement authority to the various institutions and divisions utilizing the Business Information System (BIS) program.

- If the total departmental budget for reimbursements is insufficient, BMB shall request additional budget authority (using Form DF 47) according to the procedures described in the State Administrative Manual (SAM) § 6551-6557 and Section 28.5 of the Budget Act.
 - BMB shall assist managers in determining the amount to collect for services to other governments.
- Individual managers shall stay within their reimbursement budget or make a timely request for an additional allocation from BMB through the established BIS process.
 - These managers shall notify BMB of new reimbursement activities for inclusion in the budget as a scheduled reimbursement through the established BIS process.

21050.4 Definitions

The following sections are comprised of definitions that shall apply to this Article.

21050.4.1 Reimbursement

Reimbursement consists of cash or some other asset received as repayment for the cost of work or services performed, or for other expenditures made for or on behalf of and for the convenience of another governmental unit, fund, or department, or for an individual firm or corporation. There should be a very positive, direct relationship of the charge to the cost of the particular services performed for an individual or entity before one should consider a receipt to be a reimbursement.

- Reimbursements represent the recovery of an expenditure and are shown in the budget as a reduction of the expenditures of a program or agency.
- All federal funds received directly by a department and not via another State department will be reported as Federal Fund expenditures. Federal funds received from another agency for the cost of work or services performed will be treated as reimbursements.
- Reimbursement expenditures cannot exceed reimbursement collections in total; or by program; or by location.
- Reimbursement receipts cannot exceed reimbursement authority in total; or by program; or by location.
- Changes in authority at any level will require timely communication with BMB and may require the approval of the Department of Finance (DOF) and the Legislature.
- Reimbursements billed, but uncollected, have a negative impact on the ability of CDCR to fully fund its normal support operations and therefore must be closely monitored by the sponsoring institutions and divisions.

21050.4.2 Full Cost Recovery

It is State policy that departments shall recover full costs whenever goods or services are provided for others. These costs of goods or services include all costs attributable directly to the activity plus a fair share of indirect costs which can be ascribed reasonably to the goods or services provided. Refer to SAM § 8752.1 for the cost elements to include and further discussion.

- Direct costs are those which can be identified specifically with a particular program, e.g., salaries and wages of assigned staff to a reimbursable activity.
- Indirect costs are those support costs which usually benefit more than one program or organizational unit. They are accumulated and assigned

periodically to the cost objective or organizational units which benefit from the support activity/function.

- Central service costs are costs incurred by central service departments for the benefit of all State departments. This is a pro-rata share of statewide central services costs as determined by the Fiscal Systems and Consulting Unit of the State DOF through the Statewide Cost Allocation Plan.

21050.4.3 Budget Act - Section 28

Section 28 of the Budget Act addresses the approval to augment the expenditure of unanticipated federal funds and other State funds. Refer to SAM §§ 6551 through 6557 for complete details of this process.

21050.4.4 Reimbursement Services

This is broadly defined as including those services which are performed for another agency, organization or individual that are not believed to be permanent in nature and which include, but are not restricted to, projects funded indirectly with federal funds received through an interagency agreement.

- The participation by CDCR in Reimbursement Services projects requires the use of Internal Orders in order to segregate the financial effects from the ongoing support operation. Prior to establishing an Internal Order, programs must have the approval of BMB, Human Resources and Accounting Services.

21050.4.5 Reimbursement Classifications

Reimbursements are classified as either SCHEDULED or UNSCHEDULED. It is the intention of this section to ensure that all CDCR reimbursements are SCHEDULED. Standard numeric classifications of the collections are a six digit number beginning with 9 and allow for a 2 digit suffix for further Agency definitions that may be required to accurately define our reimbursement sources.

- 991XXX Scheduled – Budgeted reimbursements
- 991912 Intradepartmental – Scheduled reimbursements from other departmental units/programs within the same organization. An example of this would be Inmate Ward Labor.
- 991913 Interdepartmental – Scheduled reimbursements from other state departments, commissions, boards, etc. Examples of this would be Prison Industry Authority and the Department of Forestry.
- 991935 External/Federal – Scheduled reimbursements received DIRECTLY from the Federal Government. An example of this would be Care of Federal Prisoners.
- 991936 External/Local – Scheduled reimbursements received from local governmental entities within the State. An example of this would be payments from counties for juvenile offenders.
- 991937 External/Private – Scheduled reimbursements received from private individuals, firms, institutions or corporations. An example of this would be Services to Employees.
- 991938 External/Other – Scheduled reimbursements not otherwise classified. This classification should only be used when a reimbursement does not fit it into one of the above broad classifications.
- 995XXX Unscheduled – Reimbursements which (1) were not anticipated nor provided for when the budget was prepared; and, (2) for which budget revisions to increase scheduled reimbursements have not been processed. These following categories, while available, shall not be used by CDCR without the approval of OFS as they indicate CDCR has made expenditures that it does not have budget authority for and can result in a deficiency.
- 995962 Intradepartmental – Unscheduled reimbursements from other departmental units/programs within the same organization.
- 991963 Interdepartmental – Unscheduled reimbursements from other state departments, commissions, boards, etc.
- 991985 External/Federal – Unscheduled reimbursements received DIRECTLY from the Federal Government.
- 991986 External/Local – Unscheduled reimbursements received from local governmental entities within the State.
- 991987 External/Private – Unscheduled reimbursements received from private individuals, firms, institutions or corporations.

- 991988 External/Other – Unscheduled reimbursements not otherwise classified.

21050.5 Use of Reimbursement Accounts (By Services)

The level of reimbursement collections (receipts) for certain reimbursement accounts at a given location can remain stable over a long period of time. Such accounts do not need to be adjusted budgetarily. Conversely, those accounts in which a noticeable trend in activity has occurred, either upward or downward, need to be adjusted budgetarily for accuracy.

- Another type of activity is that in which there is a temporary increase in an expenditure to be reimbursed by some agency. The budgetary recognition of this type of increased collection activity can be accommodated within the current fiscal year by submission to BMB, utilizing the BIS system, of a Request for Budget Adjustment, which indicates both the increased expenditure and the anticipated increased reimbursement.
- In certain situations, typically involving employees who have paid in advance for services not subsequently received, refunds may be made by debiting the general ledger account. The procedure for this type of transaction is given in the SAM § 11073.2, Claims for Refunds.

21050.5.1 Other States and the U.S. Government

The reimbursement accounts for Support of Prisoners from Other Jurisdictions and Care of Federal Prisoners respectively are established as follows:

- Rates to be charged these entities, for retention of prisoners, shall be at the current rate charged in the interstate agreement.
- Billing for maintenance of federal prisoners will be done, utilizing the BIS system by the institution having custody of the individual prisoner and the associated accounting office.
- Billings for the care of prisoners from other states will be done by the departmental accounting office utilizing the BIS system.
- A possible area of failure to recover costs related to out-of-state prisoners is special medical care that is not available to the prisoner within the regular institutional medical facilities. It is the responsibility of each institution, therefore, to notify the designated accounting office of such unusual medical expenses, along with supporting documents, in order that the other state may be billed for same.
- The federal government, other states, and counties will not be charged for retention of prisoners who are under commitment to CDCR.

21050.5.2 Prison Industries Revolving Fund

For those services which are to be reimbursed to the support appropriation from the Prison Industries Revolving Fund refer to the Penal Code (PC) §§ 2806 and 2816. These services should be properly covered within an interagency agreement and must consider full cost recovery as detailed above.

21050.5.3 Inmate Welfare Fund

Certain services are provided by institutions to the Inmate Welfare Fund (IWF). Examples of these services are custodial overtime for coverage of special events, food for special dinners and banquets, accounting services, office supplies, printing supplies and services, etc.

These services are initially paid from the General Fund (GF) appropriation. Reimbursements received by the IWF through the provision of these services are repaid to the GF. Prior to committing to the charges, institutions must request IWF approval for the expenditures and must provide an invoice, via their accounting office, for the charges.

Receipts from outside groups for special dinners are, in large part, accepted as donations to IWF. See IWF Procedures Manual, Accounting Records, in the Departmental Operations Manual (DOM), Chapter 2, Article 20, for full details.

- In the absence of service charges, per se, donations to the IWF will be accepted as an expression of appreciation for the service received. Procedures shall be established to handle these donations along with collecting for the cost of materials and supplies; this is not considered a reimbursement.

21050.5.4 Other Department Units

Reimbursements can be recorded and reported between organizations utilizing the BIS system although as a single organization, billings are only authorized for different funds or references.

21050.5.5 Employees

There are two types of services to employees that are available at most institutions (refer to DOM Chapter 5, Article 10 for further details).

- Those provided by the institution in connection with vocational programs or other available resources such as housing.
- Those provided by employee associations, per Government Code (GC) 11013.

This Section concerns only the collection of payments for services rendered by or on behalf of the State of California.

- Procedures for handling receipts from services to employees will be standardized through the BIS system.
- Authorized services for employees which are rendered by inmates will be provided free of any labor charges.
- The cost of materials and supplies or other expense to the State incurred in connection with any such service shall be collected from employees on an actual or estimated basis as appropriate.

Purpose of Policy

The purpose of this policy is:

- To recognize the efforts put forth by inmates in performing these services by providing income to the vocational program where the services are performed.

21050.5.6 Miscellaneous Reimbursements

These reimbursement services include Services to Inmates, Services to Other Agencies, Work Furlough Administrative Charges, Repayment Cash Assistance to Paroles and to Community Correctional Center reimbursements. The handling of all these accounts is covered in DOM § 21050.5 above.

- Services to inmates principally include the sale of postage to inmates.
- Services to other agencies include Services to Employee Association, Services to the Department of Forestry and Fire Protection, etc. The reimbursement accounting records for each such agency are to be separately maintained in the BIS system.
- Services to the Department of Forestry and Fire Protection (emergency firefighting) are not to be established budgetarily, only on an as-used basis, the same as Federal Fire Suppression.

21050.5.7 County or City Short-Term Prisoners

The reimbursement account for this service is Services to Other Agencies, with a subtitle consisting of the name of each such entity.

- Medical expenses should be handled in accordance with the following excerpt from the Standard Interstate Agreement Form.
 - "Any costs of medical, psychiatric or dental services shall be considered normal costs incidental to the operation of the institution in the receiving state if the service is rendered by staff personnel and in regularly maintained facilities operated or utilized by the institution as part of the health or correctional program thereof and if the inmate requires special medication, drugs, equipment, anesthetics, surgery, or nursing care in addition to that commonly available on an informal basis. The cost of any special services, medication, equipment, surgical, or nursing care shall be chargeable to the sending state..."
- BIS system generated billings for the occasional housing of county prisoners in CDCR facilities will be done by the institution housing said county prisoners and the associated accounting office.

21050.5.8 Psychiatric and Medical Cases

With the approval of the Director, Division of Adult Institutions, and either the Warden or his/her designee or medical officer of the day at the receiving institution, and subject to the provisions of PC 4007, which requires a superior court order, an adult county prisoner may be received by CDCR for psychiatric and medical care.

21050.6 Grants

Grants are the funds from sources other than the CDCR GF for operational and demonstration programs, which involve CDCR facilities, employees, inmates, or parolees.

21050.6.1 Authorized Grant Positions

Upon final approval of a grant which authorizes additional positions, a payroll reporting unit shall be established for that grant through the BMB Master Data Unit, using the next number in the series authorized by the revised list of Program Payroll Reporting Units. Only fully funded positions will be established in these reporting units. Those positions assigned to in-kind match grants will continue to be charged against their regular reporting units; they are not to be included in the Reimbursement Services Reporting Unit.

- The STD Form 607, Change in Established Positions, will not be approved by BMB unless evidence of an approved grant accompanies the document.
- Positions authorized by grant will be established only for the period of the grant. The date on which a grant expires is the date which will appear in item 4(b), expiration date of the STD Form

607, which appoints grant positions. This instruction will be adhered to even when it is believed that the grant will be extended or renewed. The renewal or extension will be re-documented for that portion of the extension falling within the current year.

The STD Form 607 process is required for any positions that are funded by Reimbursement.

21050.6.2 Advances/General Ledger Accounting

Many Reimbursement Services project agreements contain a provision for advances. Where possible, accounting officers must apply for an advance payment that will maintain an ongoing level of expenditure prior to the first reimbursement and thereafter between reimbursements.

Maximum advances will be obtained from all grantors as early as possible.

- Care must be exercised to determine that all in-kind match positions are filled at all times. Otherwise, the ability to recover the full amount of the contract is reduced by the amount represented by vacant positions.
- It is imperative that in-kind match positions and the time being billed for such positions are readily identifiable for audit purposes. Billings must be prompt and regular within the terms of the contract.
- It is important that grants must be self-supporting, except for in kind match. Continual attention must be given to project records for reassurance that billings, requests for advances from grantors, and grantor's payments, are current.

An attempt must be made to receive an advance from the grantor sufficient to maintain the anticipated continuing level of expenditures, even when such advance is not specifically mentioned in the contract. Such advances, when received, will be credited to a general ledger account number.

21050.6.3 Collection – Indirect Overhead

SAM provides for the collection of Indirect Overhead (IO) costs associated with the operation of certain grants, contracts, and interagency agreements (SAM §§ 8753 through 8758.1).

- These activities generally operate on a budget agreed to by all parties concerned. In addition, IO may be generated by an activity which either does not operate on a formal budget or in which the expenditures being recovered are intangible or not identifiable (refer to DOM § 21050.6.4 to follow).
- The recovery of these IO charges as reimbursements to the GF are used, in CDCR, as offsets to the expenditures generated by the Indirect Cost Pool in headquarters.
- It is the obligation of the business manager at each location to ascertain that those services for which CDCR contracts and/or invoices are being charged IO at the currently approved rate, if applicable.

21050.6.4 Budgetary Recognition

Each Reimbursement Services project will be established budgetarily by a BIS system request to BMB and a STD Form 607 as required, as soon as, but only when, final approval of the agreement has been received. Only that portion of the grant that in the best estimate will be expended within the current year budget will be established. The remaining portion of the grant, overlapping into budget year, will be established for the new budget year before July 1.

- A grant which is expiring within the current year and which is being extended or renewed must be re-documented by a STD 607, quoting the authority to renew, for that portion of the renewal or extension falling within the current year.

21050.6.4.1 Projects at Two or More Locations

Projects that are to be operated at two or more locations should be apportioned according to each location's share of the budget and individual requests prepared by each location. When this is not feasible (e.g. when there are many locations, or when one location must manage a grant in its entirety with subsidiary operating units), the subsidiary operating unit will still establish its share of the grant budget, using Reimbursement Services account numbers.

- Projects with no IO.
 - Contracts which contain no provision for charging IO (these should be in the minority) should be set up in a group of accounts.
- Projects with IO.
 - Contracts which provide for IO are to be established as outlined.
- Unanticipated IO (including IO contained in budgeted reimbursements such as the Department of Rehabilitation).
 - In as much as there is no contracted or budgeted amount, IO will not be established budgetarily until the annual level of collections can be reasonably well estimated from a few months' actual billings.
 - Requests for budget adjustment will be forwarded to BMB (with STD Form 607s, if appropriate) utilizing the BIS system as indicated previously.

21050.6.5 Invoicing/IO

Authorized staff will create accruals through standard BIS transactions for all indirect overhead invoiced items (not previously encumbered through a purchase order, or contract process). As needed, the system will automatically reverse accruals via BIS. The reversal transactions will have a posting date of day one of the new fiscal year.

- When billing is made, the accounts receivable accrual is to be apportioned between the reimbursement account related to expenditure incurred, and reimbursement account for IO, exactly as distributed in the invoice.

21050.7 Revisions

The Deputy Director, Office of Fiscal Services, or designee shall ensure that the content of this Article is accurate and current.

21050.8 References

SAM §§ 6463, 6466, 6551- 6557, 8752 – 8760, 11673.2.

Uniform Codes Manual.

Section 28 and 28.5 of the Budget Act.

PC 2806, 2816, 4007.

DOM Chapter 2, Article 20, Chapter 5, Article 10

ARTICLE 6 — UNASSIGNED

ARTICLE 7 — UNASSIGNED

ARTICLE 8 — UNASSIGNED

ARTICLE 9 — UNASSIGNED

ARTICLE 10 — EQUIPMENT AND SUPPLIES

Effective December 5, 1989

22010.1 Policy

The Department shall operate in accordance with the basic statewide materials management program policy as stated in SAM 3500.

22010.2 Purpose

This section provides instructions for ordering equipment and supplies for Headquarters.

22010.3 Responsibility

Each unit supply requisition officer shall order and receive supplies and equipment for the unit.

22010.4 Ordering of Supplies

A CDC Form 838, Supply Requisition shall be completed for each and every item listed in the DGS supply catalog. As many as 16 items may be placed on each requisition form and normally, delivery shall be within 24 hours. A supply of CDC Form 838s may be obtained from the Headquarters stockroom and, once completed, forward the white and yellow copies to the stockroom and retain the pink copy in a suspense file.

Emergency Orders

Emergency orders shall be filled immediately upon receipt, either from the supply stocked in the stockroom or from General Services' warehouse located on Watt Avenue. However, the originator shall hand carry the order to the stockroom supervisor or obtain authorization for the merchandise to be picked up at General Services' warehouse.

Nonemergency Orders

For other than emergency orders, place the supply requisition form in the outgoing mail basket. Mailroom employees shall pick up and handle from this point. When material is delivered, check the items against the copy of the order that is returned with the material.

Fill out all supply requests in their entirety and indicate delivery room number and name. For stock numbers and descriptions, refer to the General Services office supply catalog. Orders not completely prepared shall be returned.

Departmental Forms

Orders for all "CDC" and "GA" forms shall be placed on a CDC Form 838, and shall be handled in the same manner as other supply requests. Supply requisitions for these forms do not need a General Services stock number; however, the form number and form name shall

be indicated. Orders for all standard state forms shall have the General Services stock number indicated on the supply requisition.

Form 5 Items

All requests for items obtainable only from an outside vendor (i.e., books, maps, etc.) shall be on an STD Form 5, Intra Office Requisition. These forms shall be submitted in duplicate to the BSS for processing. They shall give a complete description of the item desired (size, style, model, color, etc.), the price, the vendor from whom it may be purchased and the employee for whom the item is ordered.

22010.5 Filing Equipment

All requests for filing equipment shall be submitted on a STD Form 5 and shall include a statement of justification.

- Shelf files shall be considered when requesting new equipment. Drawer file cabinets, tub type or desk side files, lateral filing equipment, mechanized files, plan filing equipment and rotary files shall not be authorized except in unusual circumstances and only when fully justified.

Each request shall be submitted to the Department's records management analyst in BSS for review and approval.

22010.6 Shredder

A shredder located in the Correctional Case Records Section may be used to destroy a small amount of confidential material.

Upon request, mailroom personnel shall arrange for the destruction of large amounts of confidential material.

22010.7 Revisions

The Deputy Director, ASD, or designee shall ensure that the content of this section is accurate and current.

22010.8 References

SAM § 1161.

ARTICLE 11 — TRAVEL

Effective December 5, 1989

22020.1 Policy

Travel Expense Claims (TEC) policies are specified in the CCR and the various collective bargaining agreements (MOU). All employees are expected to be familiar with the following policy and departmental procedures established to facilitate operations within the framework of these statewide requirements:

22020.2 Purpose

The purpose of this section is to provide the procedures and guidelines to be followed by Department employees who are on travel status. Should the content of this section conflict with any MOU agreement, the MOU will prevail.

22020.3 Responsibility

It is the responsibility of each manager/supervisor authorizing employee travel to practice the following principles:

- Travel is usually warranted when personal contact by the employee is the most economical method of conducting state business.
- Attendance at conferences and meetings is limited to persons immediately concerned with the topics to be discussed or the business to be transacted.
- A manager/supervisor shall consider the most economical method of transportation in addition to the amount of time an employee would spend away from their office.
- Travel by the employee shall be scheduled to avoid backtracking and/or additional trips whenever possible.
- State cars should not be parked overnight at an airport unless there is no other practical and/or reasonable way for an employee getting to and from the airport.
- Reimbursement shall be made only for the method of transportation which is in the best interest of the state. The employee may choose a more expensive form of transportation above the state rate but shall only be reimbursed for the approved state rate for transportation.

Volunteers

With prior authorization, volunteers may be eligible for TEC reimbursements. To be eligible, volunteers must complete and sign a volunteer services agreement, an oath of allegiance, and a health questionnaire.

The TECs shall be limited by the same constraints and policies as state employees.

22020.4 Travel Authorization

The travel request, CDC Form 1082, Request For Travel/Advance has been designed to provide a weekly plan of proposed travel and absences for any staff member on travel status.

Each staff member shall submit a CDC Form 1082 to their immediate supervisor preceding planned travel or absence. The approved forms shall be routed as follows:

- If a travel advance is needed, one copy of the form shall be forwarded to the accounting office and one to the employee.
- If no travel advance was requested a copy of the approved form shall be returned to the employee.

22020.5 Travel Expense Advances (TEA)

TEAs to cover necessary travel expenses shall be made from the revolving fund. TEAs are handled in two ways:

- A temporary TEA may be requested at the time the plan for travel is submitted for a specific trip or period.
- A permanent TEA may be approved for employees who travel a significant amount of time on a monthly basis provided it does not exceed the employee's average monthly travel reimbursement. Employees shall submit Standard Form 262, Travel Expense Claim to be reimbursed for the actual amount of each travel claim.

Repayment of Temporary TEA

A temporary TEA is to be repaid within 30 days of the date of issue unless the employee is away from their headquarters continuously for more than 60 days in which case the temporary TEA is to be repaid within 30 days of the employee's return to their headquarters. Repayment may occur in the following ways:

- If the TEA was for more than the actual TEC, repayment in the form of a check for the difference must accompany the TEC.
- If the TEA is for less than the TEC, a revolving fund check for the difference shall be issued when the TEC claim is submitted.
- If the trip is cancelled or postponed more than one week, any temporary TEA is to be returned immediately.

Permanent Travel Expense Claim

Permanent TEAs shall be reviewed periodically and adjusted if the advance does not meet current requirements of the employee's TECs:

- Annual confirmation of the liability and estimate of the current requirements, as required in the SAM, shall be signed by the employee and approved by the supervisor.

Monetary Limit for Travel Expense Claims

The total amount of any outstanding TEA, including temporary and permanent, to one individual shall not exceed \$500. Exceptions to this policy must be approved in writing by the Deputy Director, ASD. A TEA is considered outstanding if no TEC has been submitted to the appropriate accounting office for the trip or purpose for which the TEC was authorized.

Collection of Travel Expense Claims

Failure to repay either a temporary or permanent TEA when circumstances no longer justify the advance will necessitate collection by the accounting office from the employee's salary. A permanent TEA shall be repaid by check once an employee is no longer traveling a significant amount of time in a month or when the employee separates from the Department.

22020.6 Charges for Accommodations and Meals at Department Facility

It is the option of each employee to utilize overnight accommodations at departmental facilities where lodging is available. When such is planned, employees should request reservations and confirmation in advance.

In these circumstances, employees may claim full per diem. However a \$5.00 charge shall be made to the employee by the facility providing the accommodations. Institutions shall develop procedures for collecting this \$5.00 room charge.

No per diem shall be authorized for employees participating in training at the Academy.

Employees who eat meals at state operated departmental facilities shall present meal tickets or equivalent for each meal served.

DPA Rules 599.662 and 599.663 contain authority and instructions concerning employee's and guest's meals served at state operated facilities.

Travel may include staying overnight or eating in Nevada. Subsistence allowance shall be based on in-state travel allowances. Travel claim should state "Reno en route to Susanville".

22020.7 Preparation of Travel Expense Claim, STD Form 262

DPA rules provide allowance for subsistence expenses (meals and lodging), transportation expenses, including commercial carrier fare, private car mileage allowances, parking, taxi, bridge tolls, and business expenses, including telephone calls for non-represented employees. Rules for represented employees are found in the applicable bargaining unit contracts.

The DPA travel expense rules provide reimbursement for necessary and actual out-of-pocket expenses incurred by state employees while traveling on official state business. Within this context, maximum limits are prescribed for various types of expenses incurred. These limits serve the purpose of notifying the employee planning a trip, in advance, the maximum amounts that shall be reimbursed.

24 Hours or More

The regular per diem schedule assumes that an employee will provide the full cost for lodging and meals during a 24-hour period. If an employee receives one or more meals without charge (i.e., a luncheon at a conference that is included in the state paid "tuition" fee), they shall reduce their TEC in accordance with the reimbursement schedule for meals. If an employee receives free room and/or board, their per diem should be reduced to the extent that their actual expenses were reduced.

25 Miles

No subsistence expenses shall be allowed at any location within a radius of 25 miles of an employee's headquarters. Parole agents supervising a caseload are considered to be at "headquarters" wherever their travels might take them in covering their caseload; therefore, no per diem allowance shall be provided for trips of less than 24 hours within such "headquarters."

Claims for meals at informal business meetings, at adjourned sessions or recesses of official meetings when attendance of the employee is primarily for public or community relations are specifically prohibited.

Less Than 24 Hours

Employees on travel status for less than 24 hours may claim subsistence expenses incurred before or after the regularly scheduled workday but lunch allowance may not be claimed. Non-represented employees may claim breakfast and/or dinner expenses incurred 25 miles from headquarters and at least one hour before and/or after the regularly scheduled workday of the employee. Represented employees should check their MOU contract to determine eligibility for meal expenses.

Detailed instructions for preparation of STD Form 262 are contained on the reverse side of the form.

22020.7.1 Rate for Reimbursement

All represented employees should refer to their MOUs to determine actual subsistence allowances as approved by the DPA.

DPA transmits Management Memos when rates of reimbursement change (This document should be attached to this manual section for easy reference for all non-represented employees).

High Cost Rate Criteria

DPA may perform post audits on the Department's application of delegated authority to approve lodging expenses using the following criteria:

- The name and address of the establishment where expenses were incurred.
- The actual amount of the expenses.
- The reason(s) why it was necessary to incur expenses in excess of the authorized limit such as, but not limited to:
 - Employee was required to stay at the lodging site.
 - Employee is handicapped and required "reasonable accommodations".
 - State business was conducted in late night meetings.
 - Cost of transportation to alternative lodging would equal the cost of the rate that was paid.
 - Availability of transportation to alternative lodging.
 - Availability of alternative lodging.
- If more than one employee is attending a conference or meeting a detailed explanation of why one employee could not achieve the objective of the trip.

A copy of the approved request to exceed the \$79.00, lodging rate must be attached to the employee's TEC prior to submission to the appropriate departmental accounting office for processing and submission to the SCO.

22020.7.2 Submission of Travel Expense Claim, STD Form 262

TECs for regular travel shall be submitted monthly but no more than two times per month.

Employees shall submit one original STD Form 262, and one copy with all supporting documentation to their supervisor for approval and forwarding to the accounting office.

22020.8 Private Car Mileage

Reimbursement rates to operate a privately owned vehicle may vary when authorized by department head/designee, or for specialized vehicles with certification.

Rates claimed in excess of authorized cents per mile require that the certification statement on the TEC be signed by the employee. The statement says, "for mileage reimbursement which exceeds the minimum rate, I certify that the actual cost of operating the vehicle was equal to or greater than the rate claimed." The maximum mileage rate that may be claimed without justification to the Internal Revenue Service (IRS) is 24.0 cents per mile and subject to change.

22020.9 Travel Expense Claim for Transportation of Prisoners/Parolees

The definition for "transportation of prisoner/parolee" is the transporting of a prisoner/parolee between two points entirely within the State of California.

All expenses relative to the transportation of prisoners/parolees will be claimed on STD Form 262 separate from any other traveling expenses. This TEC must be clearly marked "Transportation of Prisoners".

DPA rules provide detailed information concerning allowable expenses.

Receipts or supporting vouchers that are required are listed on the reverse side of STD Form 262. In addition, a CDC Form 123, Body Receipt, which is obtained from the facility at the time the prisoner/parolee is delivered, shall accompany the STD Form 262 if any expenses are claimed for the trip.

If, for some reason, the prisoner/parolee is not delivered to a prison or jail, a letter of explanation must accompany the STD Form 262 indicating the reason why the prisoner/parolee was not delivered.

Two copies of the TEC with all substantiating vouchers and receipts shall be forwarded to the administration accounting office upon completion of the trip. The prisoner/parolee's name and identification number must appear on the claim.

22020.10 Travel Expense Claim for Return of Fugitive

Definition for "Return of Fugitive" is the transporting of a prisoner or parole violator from a point outside California to a point within the state.

All TECs for "Return of Fugitive" shall be claimed on AUD Form 5, State Agent Travel Expense Claim.

DPA rules and the reverse side of AUD Form 5 detail allowable expenses.

Certification

The claim of the agent should be accompanied by one (or more) of the certifications shown under Item 12 on the reverse side of AUD Form 5. A CDC Form 123 should accompany the AUD Form 5.

Receipts or vouchers shall be submitted as outlined on the reverse side of AUD Form 5, Item #10.

If an advance of funds has been made by a county or city treasurer for the transporting of prisoners or parole violators, payment shall be made to such treasurer if claim is accompanied by a certification that such funds were so advanced.

Two copies of the TEC with all substantiating vouchers, receipts, and other necessary documents shall be forwarded to the administration accounting office upon completion of the trip.

22020.11 Automobile Travel Authorization

Revised January 31, 1992

The use of both State-owned and privately owned vehicles for operation on State business is defined and controlled by SAM 0750 through 0755, 4100 through 4188, and DPA 599.630, 599.631, and 599.800 through 599.808.

All employees who drive automobiles in the conduct of State business shall be thoroughly familiar with these provisions.

Information concerning the procedures to be followed in the event of an accident while on State business in a State, private, or rental vehicle can be found in SAM 2420, 2430, 2440, 2441, 2441.1, 2442, and 2442.1.

22020.12 Use of State-Owned Automobile

Revised January 31, 1992

In order to eliminate any misunderstanding concerning authorized use of State-owned automobiles, the following sections are established as a guide:

- Improper use of State-owned vehicles shall be cause for adverse personnel action.
- State-owned vehicles, as a general rule, shall not be driven to or from an employee's home unless:
 - The employee is departing on or returning from an official trip away from headquarters before or after normal working hours.
 - The employee's home is reasonably en route to or from his/her headquarters or other place where he/she is to commence work.
 - The vehicle is used continuously for two or more days to conduct State business.
 - The employee has completed a work day and the vehicle is to be used in the conduct of State business on the same day or before his/her usual working hours the next day.
 - No State garage facility is available.
 - The vehicle is being operated as a van pool on a reimbursed basis between employees' homes and places of employment.

22020.13 Home Storage Vehicle Permit

When an employee is required by his supervisor to store a State vehicle at his/her home or vicinity thereof in order to fulfill his/her civil service duties on a frequent basis, a permit must be issued in advance by the Department.

Frequent, as defined and stated above, shall be 72 nights at home in a 12-month period or more than 36 nights at home over any three-month period, or as permitted under DPA 599.808.

Wardens, the Deputy Director, Institutions Division, and active case carrying agents of the P&CSD shall use the following procedures in securing home storage permits.

- A Home Storage Request/Permit, Office of Fleet Administration (OFA) Form 77 shall be completed by the Warden or Deputy Director, Institutions Division.
- Vehicle travel logs, completely and accurately filled out, that covers the three prior calendar months are to be attached to the request.
- The request shall be submitted to Headquarters, BSS, for coordination of the review and approval process.
- If the request lacks sufficient information, it will be returned for completion and resubmission.
- If the request is approved, a copy of the approved OFA Form 77 will be returned to the requestor.

The approved OFA Form 77 will serve as the permit and shall automatically terminate one year from the date of issuance and may be renewed at the discretion of the Department.

22020.14 Authorization to Operate Unmarked State Vehicle

Employees required to drive unmarked state vehicles in the performance of their official duties are required to submit a memorandum. The memorandum shall contain their name, position, division, job duties, and unit, addressed to The Director and submitted to Contract and Business Service Branch, ASD, as soon after their appointment as possible.

The memorandum shall then be submitted through the Deputy Director, ASD, to the Director for approval. Upon the Director's approval it shall be forwarded to the YACA and the Governor's Office for final approval.

- Blanket authorization has been granted for all case-carrying Parole Agents by the YACA and the Governor's Office.

If the unmarked state vehicle is taken from the DGS vehicle pool a FAD Form 33, Request for Certification to Operate State-Owned Vehicle Bearing Non-Exempt License Plates, shall be submitted to the Deputy Director, ASD, for submission to the Director for approval and then to the AG's office.

A TD Form 34a or 34b, Permit to Operate an Undercover Car will be issued by the AG's Office. The permit may be required by the DGS when checking out an unmarked vehicle from a state garage on a permanent or temporary assignment (VC 5002). These permits shall be renewed annually on a calendar year basis.

DGS undercover vehicles may be obtained on a temporary basis by presenting the "TD34a Form or 34b" permit and their DGS charge card to the state garage dispatcher.

22020.15 Assignment of a State Vehicle

DGS pool vehicles may be obtained from any local state garage or airport pool for a maximum of two weeks per assignment.

State vehicles may be assigned on a long-term basis when it is determined that a short-term rental may hinder the performance of an employee's official duties and those duties will exceed a two-week period.

The request for both undercover and exempt vehicles shall consist of a FAD Form 54, Monthly Assignment or Release of a State Vehicle, or a memorandum prepared in accordance with SAM 4182.5.

Upon approval and availability of the vehicle from the DGS, the employee or their supervisor will be notified by the local garage as to the specifics regarding how the vehicle may be picked up.

- A DGS charge card will have to be presented at that time so that charges for the vehicle are invoiced to the proper billing code number.

The Department is charged for the rental or lease of state vehicles that are owned by the DGS. Prices are shown in the General Services Price Book and Directory of Services.

For additional information on the usage of pool vehicles and locations of available pool vehicles, consult the SAM 4182.4 and 4187.1.

22020.16 Driving Rules

Drivers must have in their possession a valid operator's license while operating a state-owned vehicle.

Employees shall adhere to all vehicle code requirements, including all posted speed limits.

Traffic Citation

If an employee receives a traffic citation while driving a state-owned vehicle, they shall report the circumstances to their supervisor on the first work day in the office following the incident. Citations that indicate negligence or other serious conditions may result in departmental adverse personnel action.

The person to whom the citation is issued is responsible for all fines and other penalties levied.

It is permissible for persons who are not state employees to be passengers in state-owned vehicles, and they are insured by the state when the employee or agent of the state is acting within the scope of their employment. However:

- State cars can only be driven by state employees or agents of the state.
- Employees who wish to take their families with them are encouraged to use private automobiles. Transporting of family members in state-owned vehicles is discouraged.
- Hitchhikers should not be picked up under any circumstances.

Other Than State Business

Use of state-owned vehicles for other than state business is prohibited except as necessary to meet personal needs while traveling.

- Personal needs do not include pleasure driving for sightseeing or recreational purposes.
- The use of state-owned vehicles to and from restaurants within a reasonable distance from the place of lodging is authorized.
- The DGS may notify agencies of alleged misuse of a state-owned vehicle. If, on the basis of any records it may have, the DGS is of the opinion that misuse has not occurred, the case will be closed by an answer to the complainant without referral to the agency.

Travel Log

An automobile travel log is required under the CCRs, DPA 599.807, GC 13951(C) and SAM 4143.

The cost for repairs for damages to a car caused by an employee driving the car not in the course of their state employment, or which is due to willfully or imprudently operating the vehicle in an unsafe or illegal manner shall be charged to the driver (DPA 599.802-599-806 information).

22020.17 Use of Commercially Rented Vehicles

When state pool cars are not available, it is permissible to rent vehicles available through commercial rental agencies. The most economical vehicle suitable for the purpose will be utilized as required under SAM 0756 and 4187.1 and DPA 599.627.

The DGS enters into a service agreement to provide commercial automobile rentals at certain locations in California (SAM 4187.11.) Employees will have no choice as to the model of the vehicle assigned to them. This determination will be made by the vendor. State employees traveling to any of these locations will be required to use the contract vendor. Employees renting from other than the contract vendor in these locations may be personally liable. State employees should not secure rental car insurance, as the State of California is self-insured.

22020.18 Use of Privately-Owned Vehicles

In accordance with DPA 599.630 and 599.631 and SAM 0750 through 0755, the following procedures are established for the use of private automobiles on state business by employees of the Department.

Before an employee can receive reimbursement for official travel performed in a privately owned vehicle, it is necessary that a Standard Form 261, Authorization to Use Privately Owned Vehicles on State Business be approved by authorized persons. The following procedure shall be used to obtain such approval.

The employee shall complete and sign STD Form 261 and route as follows for signature by the authorized officer indicated below:

Institutions

- To Warden by business manager through division heads.

P&CSD

- To Deputy Director, P&CSD, through Regional Administrator or appropriate Headquarters supervisor.

Department Headquarters

- To division chief through regular supervisor.

When approved by authorizing officer, the following distribution of STD Form 261 will be made:

Original

- Forward to the accounting officer, authorization for payment of private mileage on travel expense claim.

Duplicate

- Return to employee.

Triplicate

- Return to supervisor.

If permit is disapproved, all copies of STD Form 261 will be returned to the employee.

22020.19 Reimbursement for Use of Private Car

When reimbursement is authorized on a mileage basis, expenses shall be claimed on a STD Form 262.

The maximum mileage allowed between Sacramento and the institutions and parole regions shall be in accordance with the following schedule:

Sacramento to:	One Way	Round Trip
ASP	208	416
CCC	228	456
CCI	330	660
CIM	440	880
CIW	448	896
CMF	37	74
CMC	325	650
COR	260	520
CRC	450	900
CTF	215	430
CVSP	630	1260
DVI	66	132
FSP	26	52
MCSP	48	96
NCWF	48	96
PBSP	382	764
RJD	528	1056
SCC	103	206
SQ	87	174
LAC	385	770
Oakland	82	164
San Francisco	88	176
San Francisco Region II	95	190

This schedule does not apply if the employee travels by private car to more than one institution during a single trip.

Reimbursement for mileage when an employee is ordered back to work outside regularly scheduled work hours or on normal days off (i.e., when an employee is on call-back time) will be in accordance with the provisions of DPA 599.708.

22020.20 Aircraft Travel

Use of scheduled airlines for state travel is governed by DPA 599.628 and SAM 0741. State employees are requested to travel by the least expensive class available. The standard classes from least expensive to most expensive are as follows:

- Commuter.
- Coach.
- Standard.
- First class.

State employees traveling by other than the least expensive class available shall provide a full explanation stating the facts constituting the official necessity when submitting their TEC.

Privately-Owned Aircraft

Use of an employee's privately owned aircraft for state travel is governed by DPA 599.628 and SAM 0745 through 0746.

Charter Aircraft

Use of chartered (i.e., agency-rented) aircraft for state travel is governed by DPA 599.628 and SAM 0747.

22020.21 Purchase of Tickets for Schedule Airlines

Cash Purchase

Airline tickets may be purchased with cash, personal credit card, or a TEC filed for reimbursement. If necessary, a temporary travel advance, DOM 22020.5 may be requested to cover the costs of airline tickets.

Travel Agency

Reservations and the purchase of airline tickets may be handled by a travel agency. There must be no charge for this service and invoices from the travel agency must contain adequate detail for audit purposes including passenger's name, cost of ticket, issue date, and class of flight.

22020.22 Attending Conventions, Conferences, or Business Meetings

Travel expenses incurred in attending conventions or conferences may be allowed. Where more than two individuals (officers or employees) from the same department are attending the same convention or conference, approval of each claim by the department head, a deputy, or the chief administrative officer is required. This requirement does not apply to a conference called by a state department for purposes of instruction or dissemination of information to its own officers and employees.

Registration fees incurred in attending conventions, conferences or other similar formally scheduled meetings may be allowed. Reimbursement for registration fees exceeding \$50 must be approved by the department head, deputy, or the chief administrative officer.

For a conference called by a state department, no subsistence expense will be allowed within 25 miles of an employee's headquarters, as the conditions applying to the employee are controllable by their agency. Exception may be given in advance by the DPA for unusual circumstances. For such conferences no claim for registration fee will be allowed.

- If an exception is granted by the DPA, claims for meals and lodging shall be in accordance with the travel allowances set forth in DOM 22020.7.

Actual Costs

The officer or employee may claim the actual cost of meals and lodging provided:

- The conference or meeting was not planned or arranged by a state agency.
- The circumstances and cost of the meals or lodging were beyond the control of the officer or employee.
- The claim is supported by a voucher, indicating the actual amount paid, attached to the expense account form.

When state officers or employees are attending conventions or conferences outside the state, the authorization required by DOM 22020.23 must expressly include authorization to attend such convention or conference.

22020.23 Out-of-State Travel

Out-of-state travel by employees is defined and controlled by SAM 0730 through 0733 and DPA 599.619.

22020.24 Blanket Approval of Out-of-State Travel

At the beginning of each fiscal year, the Department submits a blanket out-of-state travel request for approval by the DOF and the Governor's Office. This blanket request lists all proposed trips for the year. The necessary information for inclusion of a trip in the blanket out-of-state travel request usually must be received by the Financial Management and Support Services by April 30.

22020.25 Individual Request for Approval of Out-of-State Travel

Out-of-state travel requests, which are not included in the Department's blanket approval, require individual approval by the YACA, DOF, and Governor's Office. In order to expedite the approval process and

improve the chances of securing favorable review by the control agencies, the following should be adhered to:

- Standard Form 257 (Request For Approval Of Out-Of-State Travel), should be received by the ASD as early as possible prior to the departure date. Ideally, a 30-day lead time should be allowed for adequate processing through the agency, DOF, and the Governor's Office. Of course, this does not allow for unscheduled delays. The 30 days is strictly a minimum allowable time.
- Each travel request should have substantial justification attached as to the benefits the trip(s) will accrue for the department/state. Inadequate justification will cause delays, and may result in disapproval of the request by the control agencies.

22020.26 Subsistence Allowance

When state officers or employees are on travel status, payment of a subsistence allowance will be authorized by the DPA for both in-state and out-of-state travel. The circumstances of travel shall determine the rate allowed. Agencies shall authorize payment for lodging, meals and incidental expenses as claimed by the employee in accordance with the current DPA Management Memo. Each agency is responsible to determine which of the following allowances is applicable:

- In-state subsistence allowance.

Short-Term Allowance

- A short-term allowance shall be authorized when the circumstances and duration of travel are such that the traveler incurs expenses comparable to those arising from the use of good, moderately priced establishments, catering to the general public. The short-term allowance is intended for trips of such duration that weekly or monthly rates are not obtainable.
- A long-term allowance shall be authorized when the circumstances of travel are such that the traveler incurs expenses in one location comparable to those arising from the use of establishments catering to the long-term visitor. In computing allowances under this section, the long-term rate will apply only while the employee is at the temporary location. Expenses incurred while traveling to or from the job site will be reimbursed at the short-term rate.

An employee on field assignment away from their headquarters who maintains a permanent residence elsewhere while living at the job site will be authorized the long-term allowance provided one of the following conditions exists:

- Permanent residence is occupied by employee's dependents, or
- Permanent residence is being maintained and held vacant by the employee at an expense to him in excess of \$200 per month. For purposes of this rule, maintenance costs are not limited to rent or basic mortgage payments.

To qualify for this per diem allowance, an employee must submit whatever evidence his agency may require substantiating the existence of either condition.

Non-commercial Allowance

A non-commercial allowance will be authorized when the circumstances of travel are such that the traveler incurs expenses comparable to those arising from the use of non-commercial subsistence facilities, such as, but not limited to, house trailers or field camping equipment. In computing allowances under this section, expenses incurred at commercial establishments while traveling to or from the job site will be reimbursed at the short-term rate.

22020.27 Out-of-State Subsistence Allowance

For out-of-state travel, state elected officials and other employees will be reimbursed actual lodging expenses, supported by a voucher, and reimbursed for meal and incidental expenses in accordance with DPA Management Memo.

Computation of Allowance

The short-term allowance is based upon the rates shown in DPA Management Memo.

Long-term and non-commercial allowances will be computed at 60 percent of the statewide short-term allowance for meals and lodging, plus the incidental allowance, when applicable, rounded to the nearest dollar.

Expenses Outside the State

Expenses incurred outside the state will not be allowed unless authorization for incurring them and permission for absence from the state has first been obtained from the Governor and the Director of Finance. The Director of Finance approval is required where expenses are incurred by travel to and from places in states bordering California. Any terms or directives set forth in such authorization are limitations and will not operate as exceptions to these rules. A separate claim for expenses for out-of-state travel must be submitted, do not combine with in-state expenditure.

Subsistence expense negotiated or paid for by the state. When a significant portion of the subsistence expenses (either meals or lodging) are negotiated or otherwise paid for by the state (e.g., billed to the state, paid for by group leader, included in overnight train fare, etc.) the employee will not be reimbursed for such expenses. The employee will be allowed to claim reimbursement in accordance with DPA Management Memo for any subsistence not provided.

22020.28 Overtime (OT) Meals

When any state officer or employee is required to work OT, they may receive an OT meal allowance for the actual expenses supported by a voucher not to exceed the maximums prescribed in DPA Management Memo for lunches. To be eligible for this allowance, the employee must be required to report to work at least two hours prior to or be required to remain at least two hours past the regularly scheduled work day.

If the officer or employee is required to work for more extended periods of time, they may be reimbursed for actual meal expenses not to exceed the maximums prescribed by DPA for each additional six-hour period. No more than three OT meal allowances may be claimed during any 24-hour period. The mealtime shall not be included in the computation of OT for the purposes of this allowance.

Agencies that operate facilities for feeding officers, employees, and official guests may instead furnish an official guest meal to an employee. Agencies shall maintain a record of all guest meals furnished for this purpose. An employee may not claim reimbursement for an OT meal nor be furnished a meal free of charge if they are also claiming per diem.

22020.28.1 Business Related Meals

When it is necessary for state officers or employees to conduct official state business during a meal, they may be reimbursed for actual meal expenses substantiated by a voucher up to the maximums prescribed in DPA Management Memo.

In order to claim reimbursement for a business-related meal, the circumstances surrounding the meal must be beyond the control of the officer or employee and it must be impractical to complete the business during normal working hours. Officers or employees may not claim reimbursement for a business-related meal if they are also claiming per diem.

Claims for meal expenses where business is incidental to the meal or where the attendance of the employee is primarily for public or community relations are specifically prohibited.

The intent of this section is to allow an agency to reimburse officers and employees for meal expenses in the limited number of instances where they are required to incur such expenses in connection with the conduct of official state business.

Members of non-salaried boards, commissions, and duly constituted advisory committees may be reimbursed for actual meal expenses up to the maximums prescribed in DPA Management Memo when attending board, commission, and committee meetings. They may not claim this allowance if they are also claiming per diem.

22020.29 Employee Moving and Relocation Expense

Moving and relocation expenses of employees, who are required to move by administrative decision, are defined in DPA 599.721, 599.722 and SAM 3829.

In the case of a promotion or when the institution, region, or Headquarters division requests an employee to accept another assignment, the receiving entity shall pay the necessary moving and relocating expenses. The qualifying assignment may include but is not necessarily limited to training and development, limited term, and temporary assignments. It should be noted that the DPA 599.721 and 599.722 clearly specifies that actual and necessary expenses only are allowable. Do not automatically provide the maximum for employees.

A voluntary non-promotional transfer in response to an individual's personal request should specify that no moving or relocation expenses will be paid unless it is deemed to be in the best interest of the state by the appointing authority.

Employees may request moving and relocation information packages from: Institutions-respective Wardens, Attention: Business Manager, Headquarters-BSS, by Division Deputy Director.

22020.30 Revisions

The Deputy Director, Administrative Services, or designee shall ensure that the content of this section is accurate and current.

22020.31 References

DPA §§ 599.619, 599.626, 599.628, 599.630, 599.631, 599.662, 599.663, 599.708, 599.721, 599.722, 599.802-599.808.

SAM §§ 0730-0733, 0741, 0745-0747, 0750-0755, 0756, 2520, 2530, 2540-2542.1, 3829, 4100-4188.

VC §§ 5001 and 5002.

PC § 1557.

GC § 13951.

ARTICLE 12 — MATERIALS MANAGEMENT

Effective December 5, 1989

22030.1 Policy

The Department shall operate in accordance with the basic statewide materials management program policy in the SAM 3500. The Department shall practice effective purchasing methods that will minimize the quantity and type of expendable items in the Department's inventory.

The inventory management and control systems in use throughout the Department shall be standardized, when possible, and provide for an accountable, responsive, and financially sound materials management program.

22030.2 Purpose

This section describes the materials management program of the Department.

22030.3 Responsibility DGS

Every purchase of supplies or equipment in excess of \$100 is subject to the approval of the DGS. DGS has delegated purchasing authority in accordance with the Public Contract Code (PCC) 10330 to the Department.

Department's Administrators

The Warden at each institution; the Deputy Directors of ASD and Planning and Construction (P&CD); and the General Manager of PIA direct their purchasing programs and investment of expendable goods inventories.

Materials Manager

The Materials Manager in the BSS of the ASD shall:

- Coordinate the materials management program.
- Provide guidelines, training, and assistance to staff in meeting the goal and objectives of the materials management program.
- Audit purchasing activities periodically to ensure adherence to the purchasing laws and procedures and the terms and conditions required for materials management. The Materials Manager shall work closely with the business management staff of each institution to ensure that these policies and procedures are being followed.

Associate Warden, Business Services

The Associate Warden, Business Services, at each institution shall ensure that the goal and objectives of the Department's materials management program are met and ensure that all department staff involved in purchasing are afforded the opportunity to receive the training required to adequately perform their duties.

Purchasing Units

The Department's purchasing units shall:

- Purchase materials necessary to meet the needs of the Department in a timely manner.
- Purchase products and services which provide the best quality for the least money.
- Deny or reduce a requisition for items for inventory if the amount requested exceeds the maximum based on the minimum/maximum order points or requisitioning objective concept stock control method.

Employees

All departmental personnel involved in purchasing shall:

- Comply with state and departmental conflict of interest policies and procedures and the terms and conditions of the delegated purchase program. Conflict of interest statements shall be on file for the employees securing bids and quotes from vendors and those employees who approve and have authority over materials management program activities.
- Receive purchasing training offered by either the State Office of Procurement or the Department's materials management staff.
- Be familiar with the Intraoffice Requisition/Procurement Worksheet, state purchasing contracts, state price schedules, Materials Services Supply Order Forms, Contract/Delegation Order Forms, and the delegated purchase program.

No employee shall commit to a vendor for the purchase of merchandise or services prior to receiving approval and the preparation of a purchase document.

22030.4 Goal and Objectives

The program goal is to have quality materials available where they are needed, in adequate quantities, at a minimum cost to the Department.

The Department's program objectives include the following:

Support

- Support operations with an uninterrupted flow of material without overstocking.

- Maintain accurate stock records with fiscal accountability.
- Set stock levels after stock records are maintained and reset levels at least annually thereafter.

Improve

- Improve service at the lowest feasible cost.
 - Chart the target and the actual inventory level of the total inventory and by material commodity group and class.
 - Chart and measure the overall service level and set goals.

Develop

- Develop reliable systems which shall help prevent stock outages and provide continued program performance.
 - Determine the percentage of stock outages caused by late deliveries or inaccurate forecasts.

Set

- Set an inventory turn rate goal for each commodity group.
 - Measure the annual inventory turn rate by group.

Maintain

- Maintain an accurate and up-to-date book inventory.
 - Compare physical inventory counts with book inventory counts.
 - Determine the level of accuracy in posting transactions.
 - Identify the data lag by comparing the date of the inventory transaction with the date the transaction is posted.

Keep

- Keep the inventory investment and the inventory losses because of deterioration and obsolescence of stock items at a minimum.
 - Determine whether or not stock is being rotated.
 - Determine the amount and value of items declared obsolete or defective.
 - Identify all items with declining demand histories before they become obsolete.

Buy

- Buy competitively.
 - Secure bids and quotes from vendors to determine lowest cost.
 - Develop lists of vendors and encourage vendors to offer discounts for prompt payment of invoices.

Encourage

- Encourage purchases from small, minority, or women-owned businesses.
 - Establish goals and facilitate the participation of 15 percent minority and 5 percent women owned businesses in procurement service and public works contracts.
 - Provide that the contracts let by the Department for the construction, erection, alteration, repair, or improvement of a state prison facility and for services, maintenance, and supplies be awarded to at least 15 percent minority businesses and 5 percent women-owned businesses.
 - Determine the percentage of expenditures for annual purchases awarded to small, minority, or women-owned businesses.

22030.5 Intra-Office Requisition/Procurement Worksheet

A CDC Form 954, Intra-office Requisition/Procurement Worksheet shall be used to provide purchase office staff with data required for the preparation of final purchase documents. One side of the form is designed for the requisitioner to list information about the bid and quote processes used to determine the vendor that shall be awarded the purchase, and the other side is used to list all pertinent purchasing data after the bids and quotes are analyzed. The CDC Form 954 shall be affixed to the file copy of the final purchase document for audit purposes.

22030.5.1 Intra-Office Requisition Data Requirements

The intra-office requisition data requirements are as follows:

Area of "Intraoffice Requisition"

Agency billing code - to be entered by the requester or purchase office staff.

Location - to be entered by the purchase office staff.

Contract/delegation number - enter the appropriate number found on state contracts state price schedules, or the unit's delegated purchase program number.

Ship to - enter unit and person to which the merchandise or services are to be delivered.

Bill to - to be entered by the purchase office staff.

Date - enter the date the requisition is prepared by the requester.

Agency order number - to be entered by the purchase office staff.

To: (firm address) - enter name, address, and phone number of the vendor contact person who shall receive the order.

Vendor number - enter the appropriate number. If the vendor number is unknown or unavailable, leave blank and fill out small business code and ethnic code.

Small business (S/B) code - enter the appropriate information. If a vendor number is not available, do not leave this code box blank unless the vendor is known to be a "large business". Enter S = small business, or leave blank to indicate large business.

Ethnic code - enter the appropriate information when a vendor number is not available. Enter only one of the following numbers or letters:

	Male	Female
Black	1	A
Asian	2	B
Other	3	C
Spanish-Speaking/Surnamed	4	D
White	5	E
Polynesian	6	F
American Indian or Alaskan Native	7	G
Filipino	8	H
Unknown	Blank	Blank

Line no. - enter a number sequentially beginning with number one for each item being requested..

Quantity - enter the quantity needed in this column. Do not enter fractions, decimals, or commas. Always check the order unit and packaging requirements and adjust the quantity accordingly. Quantity ordered shall correspond with the order units.

Unit - enter the appropriate unit of measure (e.g., EA, DZ, PG, etc.) that is shown in the Purchasing Information Network (PIN) Stock Item Catalog.

Stock item number - enter numbers as required.

Materials Services items - the full 12-digit PIN stock item number that is listed in the Materials Services Catalog.

State contract items - the full 12-digit PIN stock item number found in state contracts or the PIN stock item catalog.

State Price Schedule (SPS) items - no numbers required for state price schedule items except for those sold by the PIA. PIA items shall be listed with the full 12-digit PIN number shown in the SPS, PIA, or PIN catalogs.

Delegated purchase program items - the four-digit group/class number that is the first four numbers of the PIN stock item number shown in the PIN catalog.

Purchase estimate/purchase order items - enter the 12-digit PIN stock item number shown in the PIN catalog.

Subpurchase order (under \$100) items - no number is required.

Subpurchase order (over \$100) items - enter the four-digit group/class number that is the first four numbers of the stock item number shown in the PIN catalog.

Description - enter the appropriate description for the item being ordered using the key noun that best describes the item and all other descriptors that include color, size, part, or catalog number, name, etc..

Per unit - enter the unit price that corresponds to the quantity/unit of measure being used.

Total - enter the extension price. (The unit price times the quantity equals the total).

I hereby certify - signature and title of the employee who determines that the items requested are appropriate and required for state business.

Approved/title - to be entered by the purchasing officer or the person delegated authority to approve the processing of the final purchase document.

22030.5.2 Procurement Worksheet Data Requirements

The procurement worksheet data requirements are as follows:

Price quotes obtained by - signature of the person who obtained the required bids and quotes contained on the worksheet.

Vendor information - not required for state contract, state price schedule, Materials Services and subpurchase orders (under \$100). For purchase estimate/purchase orders, enter the reference vendor that should be invited to bid by the Office of Procurement. Contract/delegation orders and subpurchase orders (over \$100) require multiple quotations orders and subpurchase orders (over \$100) require multiple quotations when purchases are made for highly competitive items (i.e., those items that are available from several sources at competitive prices). Examples of highly competitive items are automotive parts; maintenance items including electrical, plumbing, and lumber; and office supplies. Enter the appropriate vendor name, address, and phone number for each quote required in the spaces provided.

FOB - to be determined at the time quotes are obtained. Request "FOB destination" whenever possible. "FOB shipping point" shall be avoided as title to the materials transfers to the Department at the time of shipment. Filing claims for FOB shipping point orders and resolution of problems involved in the delivery, from the time the shipment leaves the vendor to the time of delivery, is the responsibility of the Department.

Term - enter the cash discount term offered by vendors to ensure timely invoice payment. Cash discounts amounting to at least \$2.50 and where the discount percentage allowed is at least one-half of the percent shall require the appropriate accounting office to issue a revolving fund check to ensure the discount can be taken.

Delivery - enter the date the materials or services are expected to be delivered.

Add minority ethnic indicator - disregard. To be revised at a later date.

Item/quantity/unit - enter the description, number, and unit of measure for the item being ordered.

Unit price/extension - enter the quoted price from each vendor and the total cost of each item. Unit price times the quantity equals the extension price.

Gender/ethnic indicator - circle one of the alpha/ numeric indicators for the vendor awarded the purchase order (0-8 or A-H).

22030.6 Contract /Delegation Purchase Order

A Standard (STD) Form 65, Contract/Delegation Purchase Order, shall be used for the following:

- Purchases from state contract vendors.
- Purchases from state price schedule vendors.
- Subpurchase order transactions.
- Delegated purchase program transactions.

22030.6.1 State Contract Order

The Office of Procurement, DGS, has negotiated contracts with vendors and suppliers for many of the more commonly used products and materials. Materials available on state contract shall be purchased only from the contract vendor.

Officers and employees purchasing state contract items at higher retail prices from non-contract vendors are personally liable for the difference between the non-contract and state contract price, except in verified emergencies which shall be fully explained on the orders covering the emergency.

There is usually a minimum order quantity on commodity contracts. If a vendor shall not accept an order that is less than the minimum order quantity, and the minimum quantity, when received, shall be in "long supply", the item can be purchased off contract. If, upon contacting a vendor, an order for less than minimum quantity is acceptable, the following should be marked on the contract/delegation purchase order: "Agreement to accept order less than minimum authorized (date), by (vendor name)."

All contracts in force are listed in the "Check List of Effective Contracts and Price Schedules" issued by the DGS, Office of Procurement.

For purchases of filing and/or microfilm equipment, necessary approval shall be secured from the Department records management analyst in Headquarters, BSS prior to submitting to the approving agency.

A copy of all new state contract orders shall be mailed to the Office of Procurement on a weekly basis.

22030.6.1.1 Data Requirements

The data requirements for purchases from contract vendors are as follows:

Area of "Contract/Delegation Purchase Order"

Agency billing code - enter the correct agency billing code.

Contract/delegation number - enter the state contract number from the cover page of the state contract notification. Do not use the dashes when listing the number.

Ship to - enter address to which merchandise shall be delivered.

Bill to - enter name and address of the unit to receive the invoice or statement.

Date - enter the date the order is prepared. The month, day, and year shall be indicated with two digits (e.g., July 17, 1989 as 07 17 89).

Agency order number - enter the appropriate agency order number, an internal control number, from left to right.

Firm address - enter the name, address and phone number of the contact person of the vendor.

Vendor number - enter the appropriate number. When a vendor number is not shown on the state contract notification, leave blank.

Small business (S/B) code - enter the appropriate information when a vendor number is not available.

S = small business.

Blank = not small business or unknown shall be counted as a large business.

Ethnic code (ETH) - furnish the appropriate information when a vendor number is not available. Enter only one of the following numbers and letters:

	Male	Female
Black	1	A
Asian	2	B
Other	3	C
Spanish-Speaking/Surnamed	4	D
White	5	E
Polynesian	6	F
American Indian or Alaskan Native	7	G
Filipino	8	H
Unknown	Blank	Blank

Date wanted - enter the delivery date material is expected (e.g., 30 days ARO shall be converted to an exact delivery date). ASAP shall not be used in any case.

Ship by - used to indicate special handling or a specific method of transportation.

Terms - enter the terms listed in the state contract notification.

Quantity - enter the appropriate quantity needed.

Unit - enter the two digit unit of measure (e.g., EA, DZ, G, etc.).

Stock item number - enter the stock item number exactly as shown in the state contract.

Description - enter the description that is listed in the state contract notification. When the description of the item exceeds one line, the description shall be extended to the next line in the stock item column.

Unit price - enter the unit price that corresponds to the order unit.

Extension - enter the extended price which is quantity times the unit price.

FOB - enter the shipping point noted on the state contract notification.

Sales tax - enter the sales tax required for the purchase of materials.

Total - enter the total cost of the order. Include the subtotals from all continuation pages (STD Form 65A) when they are included in one agency order number.

Charge against - enter the program number, index code, fund title, item number, chapter number, statute, fiscal year, and object code.

Certification - signature of the person authorized to sign the purchase document.

Self-invoicing - the contract/delegation purchase order may be used as a self-invoicing form. Vendors may return "copy 1", with the "self-invoicing" box completed, rather than send a separate invoice.

Completion of all other data requirements on the contract/delegation purchase order form is self-explanatory.

22030.6.2 State Price Schedule

SPSs are established to permit direct ordering of primarily noncompetitive commodities by state agencies. They are not contracts and agencies are not required to purchase items from SPS vendors except those listed with PIA. Except for items available from PIA, if an item of another brand or type would better meet

the department's needs and the price is lower, it shall be processed as a normal purchase transaction after notifying the Office of Procurement, Research and Analysis Section, of the intent to purchase the item from another source. Permission shall be secured to purchase materials from alternative vendors who offer the items at lower prices. A notation concerning the approval and circumstance shall be placed on the order for audit purposes.

Purchases against an SPS cannot exceed the \$9,999.99 limit specified in the SPS. Each time an order is placed against an SPS, a copy shall be forwarded to the Office of Procurement.

Purchases from PIA have no monetary restrictions.

Copies of SPS orders shall be sent to the Office of Procurement on a weekly schedule.

22030.6.2.1 Data Requirements

The data requirements for purchases from SPS vendors are as follows:

Area of "Contract/Delegation Purchase Order"

Agency billing code - enter the correct agency billing code.

Contract/delegation number - enter the appropriate state price schedule number, from left to right, and omit all dashes.

Ship to - enter address to which merchandise shall be delivered.

Bill to - enter name and address of the unit to receive the invoice or statement.

Date - enter the date the order is prepared. The month, day, and year shall be indicated with two digits (e.g., July 17, 1989 as 07 17 89).

Agency order number - enter the appropriate agency order number, an internal control number, from left to right.

Firm address - enter the name, address and phone number of vendor contact person.

Vendor number - not required.

Small business (S/B) code - enter the appropriate information when a vendor number is not available.

S = small business.

Blank = not small business or unknown shall be counted as a large business

Ethnic code (ETH) - furnish the appropriate information when a vendor number is not available. Enter only one of the following numbers and letters:

	Male	Female
Black	1	A
Asian	2	B
Other	3	C
Spanish-Speaking/Surnamed	4	D
White	5	E
Polynesian	6	F
American Indian or Alaskan Native	7	G
Filipino	8	H
Unknown	Blank	Blank

Date wanted - enter the delivery date material is expected (e.g., 30 days ARO shall be converted to an exact delivery date). ASAP shall not be used in any case.

Ship by - used to indicate special handling or a specific method of transportation.

Terms - enter the terms listed in the state price schedule notification.

Quantity - enter the appropriate quantity needed.

Unit - enter the two digit unit of measure (e.g., EA, DZ, PG, etc.).

Stock item number - not required except for purchases from PIA. A 12- digit PIN stock item number is required for all PIA items.

Description - enter the proper description shown in the state price schedule notification.

Unit price - enter the unit price that corresponds to the order unit.

Extension - enter the extended price which is quantity times the unit price.

FOB - enter the shipping point noted on the state price schedule notification.

Sales tax - enter the sales tax required for the purchase of materials.

Total - enter the total cost of the order. Include the subtotals from all continuation pages (STD Form 65A) when they are included in one agency order number.

Charge against - enter the program number, index code, fund title, item number, chapter number, statute, fiscal year, and object code.

Certification - signature of the person authorized to sign the purchase document.

Self invoicing - the contract/delegation PO may be used as a self-invoicing form. Vendors may return "copy 1" as the invoice after completing the "self-invoicing" requirements.

22030.6.3 Subpurchase Order

A "subpurchase order" is used to order merchandise where the total cost is less than \$100, and for the type of items listed below. A PIN Stock Item number is not needed. Small and minority-owned business shall be vigorously sought when placing subpurchase orders.

Additional items in the "subpurchase order" category:

- Without monetary limits.
 - Purchases from PIA.
 - Purchases from the State Educational Agency for Surplus Property Subsistence.
 - Purchases from the DGS, Surplus Property.
 - Purchases of excess personal property from the federal government by qualified state agencies.
 - Inter-agency purchases.
- Special monetary limit - less than \$10,000.
 - Intravenous solutions.
 - Cadavers and live laboratory animals.
 - Prosthetic devices.
 - Purchases of books, educational films, and film strips, Library of Congress cards, film slides (35 mm, 2 x 2, etc.), microscopic slides, reproduction of art objects and paintings, phonographic records, prerecorded tapes, publications, periodicals, sheet music, test and examination booklets (such as education aptitude, achievement, personality, etc.), maps and aerial photograph (cost of publications only, not cost of preparation), and copies of documentary material prepared by governmental agencies.
- Special monetary limit - \$1,000.
 - Ice.
 - Bottled drinking water or distilled water when it has been determined that the building water supply is not fit for human consumption, or when the cost of connecting a drinking fountain to the building water supply renders it impractical (No other purchases of bottled drinking water shall be made).

22030.6.3.1 Data Requirements

The data requirements for subpurchases order using a STD Form 65 are as follows:

Area of "Contract/Delegation Purchase Order"

Agency billing code - enter the correct agency billing code.

Contract/delegation number - not required.

Ship to - enter address to which merchandise shall be delivered.

Bill to - enter name and address of unit receiving the invoice or statement.

Date - enter the date the order is prepared. The month, day, and year shall be indicated with two digits (e.g., January 15, 1990 as 0115.90).

Agency order number - enter the appropriate agency order number, from left to right.

Firm address - enter name, address and contact person of the vendor.

Vendor number - enter appropriate number, if available.

Small business (S/B) code - enter the appropriate information when a vendor number is not available.

S = small business.

Blank = not small business or unknown shall be counted as a large business

Ethnic code (ETH) - furnish the appropriate information when a vendor number is not available. Enter only one of the following numbers and letters:

	Male	Female
Black	1	A
Asian	2	B
Other	3	C
Spanish-Speaking/Surnamed	4	D
White	5	E
Polynesian	6	F
American Indian or Alaskan Native	7	G
Filipino	8	H
Unknown	Blank	Blank

Date wanted - enter the delivery date material is expected (e.g., 30

days ARO shall be converted to an exact delivery date). ASAP shall not be used in any case.

Ship by - used to indicate special handling or a specific method of transportation.

Terms - enter the discount the vendor may give to ensure timely invoice payment.

Quantity - enter the appropriate quantity needed.

Unit - enter the 2-digit unit of measure (e.g., EA, DZ, PG, etc.).

Stock item number - not required.

Description - enter the appropriate description for the item being ordered that includes the color, size, part number, name, etc.

Unit price - enter the unit price that corresponds to the order unit.

Extension - enter the extended price which is quantity times the unit price.

FOB - enter FOB destination.

Sales tax - enter the sales tax required for the purchase of materials.

Total - enter the total cost of the order. Include the subtotals from all continuation pages (STD Form 65A) when they are included in one agency number.

Charge against - enter the program number, index code, fund title, item number, chapter number, statute, fiscal year, and object code.

Certification - signature of the person authorized to sign the purchase document.

22030.6.4 Delegated Purchase Program

The Office of Procurement has delegated to the Department the authority to make individual purchases up to either \$2,500, \$5,000, or \$9,999.99 excluding sales tax and freight charges. The amount of the monetary limit depends on the results of each organization's delegated purchase program audit. The departmental organizations listed below have been granted delegated purchase program authority:

- Each prison/institution.
- P&CSD.
- PIA.
- ASD.

22030.6.4.1 Program Requirements

The requirements of the delegated purchase program are as follows:

- All purchases shall be made in compliance with the published Materials Management Handbook developed by the Department.
- Competitive purchases from responsible vendors shall be made to obtain materials that are properly suited to the needs of the Department both in terms of price and quality.
- At least 25 percent of the dollar value of delegation orders shall be placed with small businesses.
- Purchases shall not exceed the monetary limit of the authority. The monetary limit of the authority (\$2,500, \$5,000, or \$9,999.99) is for each group/class commodity on an order. When multiple group/classes are ordered from a vendor, the total dollar value of each order cannot exceed the \$9,999.99 authority limit.
- Delegation orders shall not be split to circumvent expenditure limitations.
- Purchases made under the delegation shall be listed on a Contract/Delegation Purchase Order. The STD Form 65 shall indicate the delegation number, the agency billing code, the PIN stock item number for each item and the small business identification code for the vendor.
- Delegation holders shall forward copies of all delegation orders to the Office of Procurement on a weekly basis.
- Auditable copies of all delegation orders shall be maintained on file and made available to the Office of Procurement upon request.
- When appropriate, the Department shall obtain the approval of other state departments or divisions before issuing a delegation order.
 - For purchases of filing and/or microfilm equipment, necessary approvals shall be secured from the Department records management analyst in the Headquarters, Business Services Unit.
 - For the repair of motor vehicles, authorization shall be secured from the DGS' Fleet Administration Division. The permission granted to repair motor vehicles does not authorize the Department to exceed the monetary limit of the Delegated Purchase Program for these expenses.

- For EDP equipment and software, necessary approvals shall be secured from the Department Management Information System Committee, the Deputy Director, ASD, and the Office of Information Technology, DOF.

Shall Not

The following commodities shall not be purchased using the Delegated Purchase Program:

- Passenger motor vehicles.
- Trucks.
- Tractors, tracked.
- Tractors, wheeled.
- Photocopiers (photocopiers in workload 1 and 2 can be purchased under delegation).
- Earth moving equipment (e.g., grader, loader, etc.).
- Warehouse trucks, forklifts.
- Word processors.
- Personal computers.
- Carpeting.
- Draperies.
- Typewriters, electronic, including memory style.
- Labels, foil printed and metal property tags.
- Soft body armor.
- Alcoholic beverage

22030.6.4.2 Price Quotes

For all purchases over \$100 but less than \$500 using the Delegated Purchase Program, two price quotes shall be sought (from the vendor awarded the order and an alternate). For all purchases of \$500 and above, a minimum of two price quotes from competitive vendors shall be secured. A copy of the price quotes shall be indicated on or attached to the audit copy of the delegation order. When the commodity to be purchased is proprietary (sole source), no quotes are necessary. However, a statement concerning the nature of the purchase (why it is proprietary) shall be included in the file. Items available through a state contract, and state price schedules, including PIA, may not be purchased under this delegation.

Bids shall be solicited on a cost per item basis. When established price lists are available, percentage discounts shall be used to determine the most competitive vendor.

A price quote that remains unchanged in a time period, not to exceed three months, can be used as a bid for repetitively purchased items. A single price quote can be used in lieu of frequent and redundant phone quotes each time the item is ordered during this time period.

22030.6.4.3 Emergency Purchases

In the event of emergencies, when it is necessary to buy material in excess of the monetary limits, the following process shall be used:

- The staff desiring to make the purchase shall contact the nearest DGS, Office of Procurement, and request emergency purchasing authority. An explanation shall be furnished regarding the circumstances surrounding the emergency and a complete description of the material, price, and source of supply. The Office of Procurement buyer receiving the request shall review the circumstances and, if warranted, a GSOP Form 42, Authorization to Exceed Monetary Limits of SAM 3571.1, shall be issued.
- In the event that it is impossible or impractical to contact the DGS, Office of Procurement, the Department shall proceed with the purchase without prior approval by the Office of Procurement. However, the Department, within five working days, shall notify the Office of Procurement of the action taken and the circumstances necessitating the action. After review and determination by the Office of Procurement that such action was warranted, a GSOP Form 42 shall be prepared and forwarded to the unit initiating the order.
- During any period of a natural disaster (earthquake, fire, and/or flood) the unit charged with the emergency services support shall process emergency orders. The purchase document and justification shall be submitted to the Office of Procurement within 30 days after the termination of the disaster but no more than 60 days after the emergency order was made. After review and determination by the Office of Procurement that such action was warranted, a GSOP Form 42 shall be prepared and forwarded to the facility making the purchase.
- Copies of the GSOP Form 42 shall be attached to the copies of the contract/delegation purchase order which departmental staff shall prepare to complete the transaction. All such purchase orders shall be clearly identified and marked "Emergency."

22030.6.4.4 Material Services Section (MSS) Items

Items available from the DGS, MSS, shall be purchased from local vendors using the Delegated Purchase Program only when the following conditions are met:

- MSS is out of stock (indicated by a back order notice).
- The need for the item is immediate and the need can be substantiated.

A delegated purchase order shall be used to purchase a 30-day interim supply of items not to exceed the monetary limits of the delegated authority. However, the audit copy of the delegation order shall be clearly marked with a statement referring to the MSS stock outage and affixed with a copy of the back order notice.

22030.6.4.5 Annual Audit

Each Delegated Purchase Program shall be audited annually by the Office of Procurement to determine whether the conditions and requirements of the program are being met. Renewal of the Delegated Purchase Program shall depend on the effectiveness of the current procurement and materials management programs.

22030.6.4.6 Data Requirements

The data requirements for orders under the Delegated Purchase Program are as follows:

Area of "Contract/Delegation Purchase Order"

Agency billing code - enter the correct agency billing code.
Contract/delegation number - enter the delegation number assigned by the Office of Procurement from left to right.
Ship to - enter address to which merchandise shall be delivered.
Bill to - enter name and address of the unit to receive the invoice or statement.
Date - enter the date the order is prepared. The month, day, and year shall be indicated with two digits (e.g., July 17, 1990 as 07 17 90).
Agency order number - enter the appropriate agency order number, an internal control number, from left to right.
Firm address - enter the name, address and phone number of vendor contact person.
Vendor number - enter the appropriate number. When a vendor is not known or available, leave blank and continue with the small business and ethnic codes.
Small business (S/B) code - enter the appropriate information when a vendor number is not available.
S = small business.
Blank = not small business or unknown shall be counted as a large business
Ethnic code (ETH) - furnish the appropriate information when a vendor number is not available. Enter only one of the following numbers and letters:

	Male	Female
Black	1	A
Asian	2	B
Other	3	C
Spanish-Speaking/Surnamed	4	D
White	5	E
Polynesian	6	F
American Indian or Alaskan Native	7	G
Filipino	8	H
Unknown	Blank	Blank

Date wanted - enter the delivery date materials are expected (e.g., 30 days ARO shall be converted to an exact delivery date). ASAP shall not be used in any case.
Ship by - used to indicate special handling or a specific method of transportation.
Terms - enter the discount the vendor shall give to ensure timely invoice payment.
Quantity - enter the appropriate quantity needed.
Unit - enter the two digit unit of measure (e.g., EA, DZ, PG, etc.).
Stock item number - enter the four digit group/class number. A complete 12-digit PIN stock item number may be used but is not required.
Description - enter the appropriate description for the item being ordered that is found in the PIN Stock Item Catalog. The "key noun" shall be the first descriptor used, followed by more detailed description.

Unit price - enter the unit price that corresponds to the order unit.

Extension - enter the extended price which is quantity times the unit price.

FOB - to be determined at the time quotes are obtained. Request "FOB destination" whenever possible.

Sales tax - enter the sales tax required for the purchase of materials.

Total - enter the total cost of the order. Include the subtotals from all continuation pages STD Form 65A when they are included in one agency order number.

Charge against - enter the program number, index code, fund title, item number, chapter number, statute, fiscal year, and object code.

Certification - signature of the person authorized to sign the purchase document.

22030.7 Material Services Section Supply Order

The DGS, MSS, operates a materials distribution system and carries a stock of commonly used items in warehouses in Sacramento, North Highlands, and Fullerton, California. These items include stationery, standard state and departmental forms, housekeeping and janitorial items, and other general use commodities. MSS issues a catalog, special supplements, and interim revisions listing and describing all available stock items and providing information necessary for requisitioning commodities from MSS. Periodically, MSS issues a supplemental price list of all inventory items.

A STD Form 116, Supply Order is the document used to order items from MSS. Supply orders may be forwarded to the nearest MSS warehouse or to Material Services Section, P.O. Box 1015, North Highlands, CA 95660. All supply orders are input into the DGS EDP system for the filling of orders or in the case of stock-outs, back order notices.

When departmental staff receive back order notices, permission is granted to purchase an interim supply (30 days) of materials from local vendors. A copy of the notice of back order shall be affixed to the file copy of the purchase order to document the necessity for the interim purchase from a source other than MSS.

A second circumstance for purchasing items from local vendors that are also offered by MSS is when the price of an item is significantly lower than the price offered by MSS. Department staff shall notify the MSS in writing of the intent to purchase these items (not to exceed the delegation limit). Within two working days after receipt of the request, MSS shall respond with approval or disapproval. All requests shall be sent to:

Materials Services Section
Attention: Materials Manager
P.O. Box 1015 North Highlands, CA 95660

Following the instructions printed on the STD Form 116 regarding typing and distribution. Do not place more than 12 items on each order. Do not combine forms, publications, and supplies on the same order.

Retain a copy of the STD Form 116 to use as a stock received report. Record the date and quantity of merchandise received and route to the accounting office for payment. Retain a copy for your files.

See Section 5 in the Materials Services Catalog when ordering publications. When ordering publications from MSS, address the order as follows:

Office of Procurement
Publications Section
P.O. Box 1015
North Highlands, CA 95660

22030.7.1 Data Requirements

The data requirements for purchases from MSS are as follows:

Area of "Supply Order"

Ship stock to - enter address to which merchandise shall be delivered.

Send invoice to - enter name and address of unit receiving the invoice.

Signature of officer authorizing expenditure - signature of person authorized to sign a supply order.

Agency contact - enter name and phone number of person Materials Services Section shall contact regarding the order.

Date - enter the date the order is prepared.

Agency billing code - enter correct agency billing code.

Agency reference number - enter the unit's internal control number, if possible.

Back order instructions - enter a mark to receive back-ordered material. No back order shall be processed when the box is unmarked.

Stock number - enter the stock item number found in the DGS'

Materials Services Catalog.

Catalog description - enter description as written in the DGS' Materials Services Catalog.

Materials Services Catalog.

Unit price - enter the unit price shown in Section 7 of the Materials Services Catalog.

Price extension - enter the extended price. (The unit price times the quantity equals the extended price.)

Unit - use the abbreviations listed in the Materials Services Catalog.

Quantity - enter amount desired.

22030.8 Purchase Estimate

The DGS, Office of Procurement, operates a centralized purchasing unit to achieve standardization, to eliminate duplication of effort and to lower prices as a result of volume buying. The Office of Procurement shall also provide effective means of acquiring equipment whether the acquisition is to be made by purchase through non-purchasing techniques (e.g., lease - conditional sales contract).

The Department shall use the services of the Office of Procurement to competitively purchase the following:

- Items not available from MSS, state contracts, or state price schedules.
- Orders that exceed the monetary spending limits of the Delegated Purchase Program.
- Food that is included in the quarterly food order.
- Materials that require technical specifications or special requirements.
- Equipment or other high cost items that result in reduced costs when purchased by "formal" bid.

For purchases requiring the services of the Office of Procurement, a STD Form 66, PE and, when necessary, a STD Form 10, PE Continuation shall be used to list all ordered items. All PEs shall be typed. The original of the PE, with the required signatures of approval, shall be sent to the Office of Procurement for processing.

Prior Approval of Another Agency

Do not submit purchase estimates directly to the Office of Procurement that require prior approval of another agency. Submit these estimates to the approving agencies first. Refer to the PIN Stock Item Catalog for the list of these agencies and the commodities that need prior approval. For purchases of filing and/or microfilm equipment, necessary approvals shall be secured from the Department records management analyst in the Headquarters BSS.

Accuracy and Clarity

Department personnel who submit purchase estimates shall make every possible effort to ensure that these documents are not forwarded to the Office of Procurement until they have been thoroughly reviewed for accuracy and clarity.

Specifications

The Specification and Quality Control Section staff of the Office of Procurement can assist Department personnel in the preparation of the description and specification of the purchase requirements. Copies of standard specifications are available upon request and assistance is available for developing descriptions of non-standard commodities. Contact the Specifications and Quality Control Section at (916) 445-0957/ATSS 485-0957 for referral to the appropriate analyst.

22030.8.1 Data Requirements

The purchase estimate data requirements are as follows:

Area of "Purchase Estimate"

Date prepared by agency - enter the date the PE was typed. Enter two digits in each field (e.g., September 10, 1990 shall be entered as 09 10 90).

Date stock wanted - this is an optional field; however, departmental staff shall enter a specific date to determine the order processing time that is reflected in inventory control supply levels, if applicable. Enter two digits for each field. Allow an adequate lead time when determining the date of delivery. The following is the recommended ordering and shipping time (OST) that shall be used for purchase estimates:

Amount of Purchase	
Up to \$10,000	Over \$10,000
20 days	20 days

Internal Processing

Special Approval/Authorization	21 days	21 days
Office of Procurement Processing	30 days	60 days
Specifications Review	10 days	15 days
Purchase Order Preparation	5 days	5 days
Vendor Shipping Time	60 days	60 days
Total OST	146 days	181 days

The Department shall anticipate a lengthy OST when using this "formal" method of ordering.

Agency billing code - enter the appropriate agency billing code. Use only one agency billing code per estimate.

Purchase estimate number - use a unique estimate number designed to eliminate duplication. The remainder of the purchase estimate number provides a maximum of 15 alpha/numeric positions in which to enter each requesting unit's reference number. The estimate or reference number shall not be duplicated in a fiscal year.

Page number - enter the purchase estimate page number and total number of pages. Page numbers shall be shown with two digits (e.g., page 01 of 05, 02 of 05, etc.). Do not number pages that do not have stock item numbers or codes.

Do not enter the page number on the purchase estimate continuation if it is used only to furnish additional description or instructions from the previous page. For example, on a two-page purchase estimate, the first page would be numbered as page 01 of 01. (The second page would not show a page number.) However, enter the page number on the continuation page when an item is listed and other required information is stated. For example, on a two-page purchase estimate, the second page would be numbered as page 02 of 02.

Delivery location code - circle the appropriate code which corresponds to the delivery location shown on the State of California 11 - Area Map. Multiple delivery locations may be submitted on one estimate when only one agency billing code is used.

Procurement Office - do not fill in this information.

Vendor number - enter a reference vendor. Normally, the vendor who received the previous order and provided adequate service or assistance shall be listed as the reference vendor. (All reference vendors are automatically sent invitations to bid.) Indicate the vendor's name, address, and phone number and the name of the person authorized to provide price quotes.

Agency contact - enter the name and phone number of the Department representative with the most knowledge of the uses and requirements of the ordered items whom buyers may contact for additional information. Do not enter the vendor name or phone number in this space.

Line number - each page of a purchase estimate (including the continuation pages) is limited to a maximum of nine stock items which shall be numbered sequentially beginning with number one on each page. Enter a single digit number for each stock item listed, from 1, 2, 3, etc., up to 9. The first item on each continuation page shall always begin with number one and shall not exceed nine items per page.

Quantity - enter the quantity wanted in this column. Do not enter fractions, decimals, or commas. Always check the order unit and packaging requirements, and adjust the quantity accordingly.

Quantity ordered shall correspond with the order unit and unit price.

Unit - enter unit exactly as indicated in the PIN Stock Item Catalog, except when the unit is indicated as VA. The order unit shall vary on some commodities; this is indicated by a VA in the unit column of the PIN Stock Item Catalog. In such instances, specify the appropriate unit code from the order unit table listed on the front page of the PIN Stock Item Catalog.

Stock item number - enter the 12-digit stock item number exactly as indicated in the PIN Stock Item Catalog. Potential vendors are invited to submit bids for the items listed on the PE when the PIN stock item number is input into the computerized vendor/stock item number file. Do not use ditto marks to repeat identical stock item numbers. Neatly underline and draw arrows down columns to note repetition of stock item numbers.

Each page of the PE shall contain only one group of items (the first two numbers of the stock item number). The only exceptions are:

- When the order is for the purchase of a system, where the components are in different groups and are to be purchased together because the components must match and inter-member.

- For the purchase of individual items that fall into different groups. Continuation pages (STD Form 10) shall be used to list items having multiple group numbers. "Ship to" and "charge to" addresses, the reference vendor, and the delivery date if critical or unusual shall be shown on each estimate page.

Description - enter exactly the description provided in the PIN Stock Item Catalog. The key noun description is input into the PIN computerized system to determine whether the description/stock item number matches exactly to detect errors prior to the bid process.

All items shall be completely described and whenever possible a brand and corresponding catalog number shall be referenced with the notation or comparable. A complete description shall include the name of the item plus any of the following that apply:

- Size.
- Dimension.
- Grade.
- Weight.
- Color(s).
- The minimum acceptable technical specifications.
- Packaging requirements.
- Samples (in the case of forms).
- A kit package listing of each component.
- Installation dimensions if restrictions exist.
- Inter-member item description of existing materials.

The brand referenced on the purchase estimate shall meet all required specifications. When reasonable, list all acceptable brands on the purchase estimate. Also, all unacceptable brands can be listed. It may be stipulated that alternate brands shall be submitted for evaluation prior to the awarding of the bid.

Unit price - always enter the unit price and extension for each item listed. The unit price shall correspond to the order unit. For example, if the order unit is gross, show the unit price per gross - not some other unit such as per dozen. Do not enter commas in this column. Align the unit price with the first line of the commodity description.

Subtotal - on single page estimates a subtotal is not necessary. On multiple page estimates, enter a subtotal on each page.

Tax and total - on single page estimates, enter the tax and total in appropriate boxes on the estimate. On multiple page estimates, enter the tax and total only on the first page of the estimate and subtotals on each continuation page.

Signature block - at least one original signature is required by the Office of Procurement to process estimates.

Charge code - enter the index number, object code, appropriation, item number, current fiscal year's chapter number, fiscal year, and ending date of the current fiscal year.

Do funds expire - it shall be indicated on the purchase estimate whether funds expire at the end of the current fiscal year. Either: Check yes or no in the appropriate block printed on the lower right-hand corner of the purchase estimate form; or

Type/stamp on the first page in bold letter, **FUNDS EXPIRE** _____ or **CONTINUING FUNDS** if funds do not expire at the end of the current fiscal year.

22030.8.2 Purchase Estimate Description Restricting Bidding

PEs referencing only one brand or containing specifications which have the effect of limiting or restricting bidding to one brand shall be justified by the requesting unit in a statement fully explaining why the product specified is necessary. This statement shall include at least the following:

- The unique performance factors of the product specified.
- The reason these specific factors are required.
- What other products have been examined and rejected and why.

Purchase requests submitted without adequate information in support of limiting competitive bidding shall be returned to the requesting unit.

22030.8.3 Purchase Estimate Requesting Sole Source

The requirements listed in the DOM 22030.8.2 apply to sole source purchases where an item is available from only one vendor, or when the requestor wants to restrict the purchase to only one vendor.

22030.8.4 Non-Competitive Repair Parts

PEs for repair parts of a specific brand or type shall contain the following justification:

- Why only one brand or part can be used to repair the equipment.
- Whether the specified brand of repair parts is available from only the manufacturer or distributor.

22030.8.5 Non-Competitive Equipment to Inter-Member with Existing Equipment

PEs for equipment of a specific brand or type to be used with equipment shall contain the following justification:

- The quantity and value of existing equipment or parts currently on hand to be interfaced.
- Why it is necessary that the requested equipment or parts be the same as currently owned.

22030.8.6 Pin Stock Item System

The ability to properly complete the STD Form 66, PE, depends entirely on a full understanding of the PIN stock item system and the PE form.

22030.8.6.1 Stock Item Number

The single most important element in the entire materials management system is the stock item number. A single, unique stock item number is assigned to each specific item of material used by the state.

Stock item numbers are 12-digit numbers that are based on the federal classification and stock numbering system. A typical stock item number looks like 7920-292-2367-8. The groups of numbers represent the following:

- First four digits - group and class of a commodity such as food, medical supplies, stationery, etc..
- Next seven digits - specific item numbers are serially assigned with no numerical relationship between one identification number and the next in sequence.
- Final digit - computer check or verification number.

The 12-digit stock item numbers shall be used by all ordering units.

22030.8.6.2 Pin Stock Item Catalog

The PIN Stock Item Catalog is a listing by stock item number and description of commodities purchased by the state on a regular basis. Products are classified in group and class number sequence; commodities within each class are listed in alphabetical key noun order. Currently, 60,000 items are listed.

Other information contained in the PIN Stock Item Catalog is the following data:

- **Description** - the stock item description field consists of a maximum of 54 characters of information which describes each stock item. The first word in the stock item description is the key noun.

This is the noun that most accurately identifies the nature of the product (e.g., drill electric, not electric drill). All commodities are listed in alphabetical key noun sequence within each class.

- **Order unit** - this is a two-character field which describes the unit of measure by which each stock item shall be ordered [e.g., EA (each), DZ (dozen), YD (yard), RL (roll), BX (box), etc.]. Refer to the order unit table listed on the front page of the PIN Stock Item Catalog.

- **Source code** - this is a one-character field that indicates the usual source or method for acquiring a given stock item. The various codes and their meaning are as follows:

- A: Office of Procurement (PE is required on all A source code items) and delegated purchase program orders.
- B: OSP and Office of Support Services printing orders.
- C: MSS stock items.
- D: Statewide contract stock items.
- E: Limited contract stock items.
- F: SPS stock items.
- I: PIA stock items.
- M: SPS competitively bid items.

- **Special code** - this is a two-character field which identifies those stock items covered by detailed product specifications. The coding scheme is as follows:

- 1-99 State specifications.
- A Federal specifications.
- B Commodity standard.
- C Supply operations commodity standard (SOCS).
- D Bid specifications.
- E Acceptable brands list.
- F Special/other.

Locate a Number

There are several ways to locate a stock item number in the PIN Stock Item Catalog:

- Refer to the alphabetical product listing "Index to New State Materials-Classification Catalog" in the State Materials Classification (SMC) Catalog. This index lists general categories of frequently purchased products and the SMC group number. It may be used to determine the correct SMC group number for a related product. For example, although a credenza is not specifically listed, the appropriate group may be located by referring to "furniture, most types". The key noun for each stock item is usually based on what that item is rather than its use.
- Refer to the PIN Stock Item Catalog Index (on the front pages of the catalog) to locate the corresponding group. Next, locate the proper group class. The group and class shall provide the page number within the PIN Stock Item Catalog where a specific stock item and its number shall be found.
- Refer to the listing of commodities by key noun in the back of the catalog. This is a listing of items in the PIN Stock Item Catalog in alphabetical order by key noun.

Many commodity descriptions in the PIN Stock Item Catalog are very brief and may not be complete. Therefore, additional descriptive information shall be added as required in preparing the purchase order (e.g., color, size, dimensions, packaging, etc.). Except for additions to the description, no other changes or deletions shall be accepted.

22030.8.6.3 Availability of Pin Stock Item Catalog

PIN Stock Item Catalogs are available as follows:

Form	Contact
Book (revision 1983 in three-ring binder)	Office of Procurement Materials Management Unit 4675 Watt Avenue North Highlands, CA 95660 (916) 973-3726 or ATSS 480-3726
Microfiche	Office of Procurement Data Management Unit (916) 323-3465 or ATSS 573-3465 This unit also maintains a subscription list for updates of microfiche.

22030.8.7 Purchase Estimate Changes

After the PE has been sent to the Office of Procurement, amendments to the PE may have to be made. A STD Form 96, Purchase Order (PO) Alteration, is used to amend PEs when requested by the Office of Procurement, DGS, for specific estimates or when:

(a) the cost is	(b) the amendment is	{c} and exceeds the estimate costs by
Less than \$1,000	\$100 or more	25% or more
\$1,000 - \$4,999	\$250 or more	10% or more
\$5,000 or more	\$500 or more	-

To check the current status of a purchase estimate submitted to the Office of Procurement, contact Procurement's Central Records at (916) 445-6241/ATSS 485-6241. The buyer shall not be contacted unless absolutely necessary, and only after calling Central Records.

22030.8.8 Purchase Order Changes

PO Alteration Required

Once a PO has been issued to a vendor by the Office of Procurement, changes are not permitted unless authorized by the Office of Procurement. A STD Form 96, shall be submitted to the Office of Procurement buyer who signed the original PO in the following instances:

- Change in FOB point.
- Change in terms if unfavorable to the state.
- Change in the estimate number.
- Change in the vendor's name (except simple spelling corrections).
- Increase in unit price.
- Mathematical error over \$10.
- Addition or cancellation of any item.
- Change in description, specifications, or substitution of any material.

- Extension of time on "as needed" or "as required" orders. Such orders are written for units of material as required or as needed for a specific period of time (The extension of this time is what would require a PO change).
- Adding or changing a priority rating or certification.
- Any overdraft of a PO except as permitted below.

PO Alteration not Required

PO changes are not required when:

- Prices billed are less than the PO amount.
- Weight, quantity, or unit price is less than what is stated on the PO.
- At the time of taking a final delivery there is a balance remaining on the PO and the final delivery does not overrun the PO by more than 10 percent (This would apply to such items as yardage; steel; lumber; rock; asphalt; products like forms, cartons, etc. produced from roll paper stock; and other items when exact quantity is not known at the time the order is placed, including items that come in standard containers).
- Delivery of items such as fresh vegetables varies from the weight, quantity, or count specified on the PO (not to exceed plus or minus 10 percent of the value of the total PO up to \$1,000).
- PO specifies certain sized containers but other containers, which are acceptable, are delivered in their place but the total quantity and unit cost are within the limits of the PO.

22030.9 Service and Expense Order

Services for repair, rental of equipment, classroom space, and other minor services from private vendors, costing less than \$500, can be obtained by using a CDC Form 1063, Service and Expense Order. This form shall be used in lieu of the STD Form 2, Standard Agreement. Prior to any service being performed and expenses incurred, approval in writing shall be obtained from business management staff. Services performed may require labor and materials. Transactions with less than 10 percent labor charges are purchases and shall be obtained on either a subpurchase or delegated purchase program order. Transactions with greater than 50 percent labor charges are services and can be obtained using the service and expense order form. Transactions with labor charges between 10 percent and 50 percent require consultation with an Office of Procurement formal bid buyer to determine the appropriate method for acquisition.

Services of a minor nature normally do not require competitive bidding, but staff shall identify and employ cost effective methods when contracting for services from private vendors.

General use mobile equipment (GUME) having an original purchase price of \$25,000 or more shall not be rented or leased from a non-state source without prior approval of the DGS, Office of Fleet Administration, after a determination that comparable state-owned equipment is not available. If obtaining such approval would endanger life or property, the transaction and justification for not having sought prior approval shall be reported immediately thereafter to the DGS. GUME is defined as equipment listed in the GUME inventory of the state equipment council as capable of being used by more than one agency.

22030.9.1 Data Requirements

The data requirements for Service and Expense Order are as follows:

Area of "Service and Expense Order"

Vendor - enter the vendor name and vendor contact providing the service.

Bill to - enter name of facility receiving the service and name of the person the vendor is to contact.

S and E number - enter the unit's service order number.

Work order number - optional field. When possible, reference a maintenance work order.

Date - enter the date the order is prepared.

Nature of service and expense - enter the type of expense to be incurred.

Location where expense to occur - enter the building number or address where the service shall be performed.

Start date/completion date - enter the appropriate dates (for monitoring purposes).

Work to be performed - enter a full description of what is to be accomplished, including the number of hours of labor.

Description and cost of parts - a detailed listing of parts and materials to be obtained from the vendor.

Accounting requirements - to be entered by accounting office staff.

Signature/title - signature of person authorized to sign the service and expense order. The purchasing manager or designee is the appropriate person.

22030.10 Inventory Management

Proper inventory management minimizes the investment in inventory stock and helps maintain a stated service level objective.

22030.10.1 Stock Records

The responsible unit shall maintain stock records on all items that are stored in the support services and maintenance warehouses. In addition, unit stock records shall be maintained for materials being warehoused in other storerooms and supply shops that exceed a working stock (30 day) supply and collectively meet any of the following criteria:

- Gross floor space used exceeds 4,000 square feet.
- Average annual inventory investment in expendable goods exceeds \$50,000.
- Annual issues of expendable goods exceeds \$100,000.
- Inventory consists of 400 or more stock items.

Records Maintained

Stock records shall be maintained by using a manual card or computerized inventory control system. The STD Form 119, Stock Control Record, is available for use as a manual stock record card in recording information dealing with the management and control of warehouse inventories. This or a similar record card shall be used in all warehouses when a manual system is the only means of control. If a computerized inventory management system is used, the system shall provide the same information and data required on a stock record card.

The stock record, which serves as a joint purchasing/financial/operational record, shall be kept current and accurate at all times. Stock Control Record cards are available from the Office of Procurement, MSS.

22030.10.1.1 Data Requirements

The data requirements for the Stock Control Record card are as follows:

Area of "Sample Stock Control Record for Minimum/Maximum Stock Item"

Miscellaneous information - any miscellaneous information that is pertinent and not included in other specific sections of the stock control record shall be entered here. This information might concern minimum order or standard packs, key personnel to contact, vendor name and address, phone numbers, emergency sources of supply, or any other supplemental entry which alerts the inventory control staff of circumstances requiring attention.

Date - a complete history shall be established and kept current for each item that is stocked in a warehouse. The date is used in forecasting stock levels, reconciling procurement problems, confirming demands and issues, documenting physical inventories, etc.. The month, day, and year shall be entered for all transactions affecting the item, such as stock orders, stock receipts, demands and issues (non-recurring and recurring), dates of inventories, and audits.

Issued to or received from - this section serves a dual purpose. Record the name of the facility, unit, program, etc., to which stock is issued and/or the name of suppliers from whom stock is received. Continued activity of an item over a period of time shall provide inventory control staff and unit administrators with a use pattern which shall assist in inventory planning. This column shall also reflect those facilities that are consistent in their withdrawals as well as identify those vendors which are the most reliable.

Order document number - those transactions that pertain to stock issues and stock receipts shall be documented using the identifying order number. The forms that are commonly used to replenish stock for warehouses are contract/delegation purchase order, subpurchase order, supply order, and purchase estimate.

On order - this column shall be used whenever a stock replenishment order is placed. The quantity requested is the only entry to be made.

Demand - is any request for an item. Demand history provides the information necessary to decide what to stock; therefore, all demands, regardless of whether stocks are issued, shall be recorded. Each space in the demand column shall be used for a single demand. Issues - the quantity issued for each demand shall be carefully and accurately entered as this directly reduces the calculated balance on hand (column 8). Occasionally, demands are made for depleted stocks. The demand shall be shown in the proper space and the quantity issued entered as zero.

Quantity received (+) - the quantity received (+) column is used to record the amounts or quantities of stock received as a result of a prior order. These incoming stocks shall normally be for inventory

replenishment but in some cases stock relocations shall also be shown in the quantity received column.

The balance on hand (column 8) shall be adjusted whenever quantity received entries are made.

Quantity issued (-) - at any time an issue is shown in either the non-recurring or recurring columns, the total quantity issued (sum of both) shall be entered in the quantity issued (-) column. That amount shall be subtracted from the previous balance on hand and the new balance entered.

Balance on hand - the inventory balance on hand, both the actual bin count and the calculated balance, is the key indicator in managing inventory stock efficiently. To prevent inventories that are excessive or too low, the balance on hand shall be used to:

Determine when to replenish stock.

Identify long supply.

Maintain stock accountability.

Evaluate the efficiency of warehouse operations.

Balance on hand entries shall be current and accurate. Stock acquisitions and issues shall be promptly recorded on the stock control record and the balance on hand adjusted accordingly.

Physical inventories which reveal a difference in the actual bin count versus the calculated balance shall be reconciled when the inventory is taken and the stock control record balance on hand changed to reflect the actual inventory in stock.

In long supply - long supply shall be reduced to the lowest level possible. This column provides a space to record long supply so that efforts can be undertaken to reduce it.

Days of supply - the days of supply shall be entered as shown in the examples of the minimum/maximum (MIN/MAX) and requisitioning objective (R/O) stock records (See DOM 22030.10.5.2 and 22030.10.5.6 respectively).

Quantity of supply - for all stock items managed under the R/O or Min/Max systems, the quantity of supply boxes shall be completed. In the reorder point block, show both the reorder point and the reorder quantity for the R/O concept.

Source code - the source code is a current reference to the purchase method or vendor designated by the PIN Stock Item Catalog as the primary source for a stock item. Only the approved codes as shown in the PIN Stock Item Catalog shall be used.

Management code - this space is used to denote whether the item is contingency (emergency) (C) stock or regular (R) stock. Use the letter C or R.

Stock number - the stock number identifies the item by commodity group and class. All expendable stock inventory items in the warehouse shall have an approved stock number assigned. That stock number shall be entered in the space provided.

Unit of measure (U/M) - the unit of measure or the unit of issue is a two-letter designation for the count, measurement, container, or form of an item of supply. It is the minimum quantity which can be ordered. The unit of measure designations to be used are shown in the PIN Stock Item Catalog.

Unit price - all stock items shall have a unit price entered. Use the latest price paid for the item. This is necessary for computer update and budgetary purposes.

Description - the descriptions currently in use in the PIN Stock Item Catalog shall be entered in the description space.

Color coding - this space identified any action (by colored tab) that shall be needed. The colored tab designations in these instructions shall be used to identify the type of action that is proposed or has already taken place. The following colored tabs are the only colors that are approved to flag the stock control record:

Red - activity during the month requiring monthly action update reporting.

Green - item is on order. Serves as a reminder; follow-up is the requisitioner's responsibility.

Blue - needs to be reordered as stock has reached the reorder point.

Yellow - order received. Remove the tab when the shipment is received as ordered.

Contract or SPS number - enter the appropriate number found on state contracts and state price schedules.

Vendor name/address/phone number/catalog number enter name, address and phone number of vendors submitting price quotes.

Minimum order quantity - enter the number of units the vendor requires to be purchased to recover the shipping and handling costs associated with the order.

Price per order unit - enter the price per standard unit of measure.

FOB terms - to be determined at the time quotes are obtained. Request FOB destination whenever possible.

Discount terms - enter the cash discount offered by vendors to ensure timely invoice payment. Cash discounts amounting to at least \$2.50 and when the discount percentage allowed is at least one-half of one percent shall require the payment to be made in a timely manner.

Delivery date - enter the date the materials or services are expected to be delivered.

Total cost - enter the extension price (The unit price times the quantity equals the total cost).

This information shall assist in determining which vendor shall receive the order.

Inside delivery - used to determine and project the necessity for additional shipping charges associated with inside delivery of materials.

22030.10.1.2 Retention of Stock Control Record

The Stock Control Record cards shall be retained for at least two years. One year in the active file and at least one year in the inactive file. Those stock control records that have served their purpose, such as those for discontinued stock, shall be retained for a minimum of two years.

22030.10.2 Safety Levels

Normally, safety levels are established to minimize stock outages. To determine the level of safety stock that should be maintained, the critical need of the item shall be established based upon the following:

- The degree of the problem if there is no stock on hand.
- The effort, both in cost and time, necessary to secure the stock.

Stock Outages Classified

Stock outages shall be classified as follows:

- Minor - stock outage of these items shall cause little inconvenience and shall be overcome with a little extra effort, perhaps a phone call and with a short delay in processing the demand or with a back order. Work production delays are not a factor. These items are considered regular stock items and 15 days safety stock shall be sufficient.
- Major - a stock outage of these items shall cause some inconvenience and could result in additional costs because of production delays or program disruption. Generally, these items are also considered regular stock items but an increased safety stock of 16 to 25 days is required. These are the "A" items (see source code in DOM 22030.8.6.2 for a description of "A" items) or items with the highest demand.
- Critical - a stock outage of these items shall cause significant delays in production or intolerable program disruption and could result in excessive costs. These items are not available locally and a stock outage may endanger public health or safety. These items are considered contingency stock. A safety level of predetermined amount shall be set.

22030.10.3 Selecting Items for Continuing Storage

All items carried in the warehouse shall meet the Department's criteria for selecting items for continuing storage in DOM 22030.10.4. All items shall be reviewed annually by the materials management coordinator, and those items not meeting the criteria shall be discontinued.

All items carried in the warehouse as routing stock for filling supply demands shall have levels set by using the Min/Max or R/O inventory control concept. Stock control records shall be available for audit purposes at all times.

Supply levels for stock items are established to accomplish the following:

- To have an ample supply of stock items on hand but not more than is needed to meet the goal of the Department.
- To have emergency reserves on hand in the event items due in are not received on time.
- To know when and how much to order.
- To build accurate records which provide for adjustments at a later date.

Time, space, and money are wasted if supply levels are not set. The Department shall not have excessive funds tied up in unused inventory.

22030.10.4 Criteria for Selecting Items for Continuing Storage

Demand -at least five recurring demands for each 365 days demand year. Demands must occur on a regular basis and reflect a standard usage pattern over a 365-day period.

Volume - stable and large enough to permit significant savings from acquisition in quantity.

Dollar - minimum issues of \$50 per demand year as long as the demand criteria is met.

QA - items that require a high degree of QA shall be selected for continuing storage.

Emergency - items of an emergency nature, which may be required within hours after the need is recognized, shall be held in continuing storage.

Specifications - only items that have established accepted standards or detailed specifications shall be considered for inventory.

Usage - infrequently used items or those with patterns of erratic use do not make good inventory items, as large inventories are required to meet high use periods (e.g., usage patterns show more than five demands per year but all the demands occur in a restricted time period).

Lead-time - the non-critical item that can normally be purchased from a local source within 30 days shall not be stocked.

Items shall not be stocked merely for convenience. For non-critical items, institutions shall rely primarily on the purchase-as-needed technique. Continuing storage inventories shall be limited to only those items that are clearly justified as contingency stock for emergency needs or items that are not readily available from relatively nearby sources.

22030.10.5 Setting Levels

Component parts of a stock objective are expressed in days of supply. The component parts consist of the following:

- Safety level.
- Ordering and shipping time.
- Operating level.

Setting levels shall assist personnel who maintain stock to have on-hand materials when they are needed. Levels are set to ensure that stock shall not be depleted. The Department shall use the MIN/MAX concept to set the majority of supply levels; however, the R/O concept may be preferred for some items.

22030.10.5.1 Min/Max Concept of Setting Levels

A simple MIN/MAX supply level system provides proper inventory control. To determine MIN/MAX supply levels, the following supply history is necessary:

- The total amount of recurring issues for one demand year (365 consecutive calendar days).
- Ordering and shipping time (used to establish minimum level).
- Operating level (used to establish maximum level).

Low demand stock items, regardless of their unit value, are prime candidates for the MIN/MAX concept or for discontinuance.

22030.10.5.2 Guidelines for Min/Max Levels

Type of Transaction	Minimum (in days)	Maximum (in days)
Contract/delegation order or state price schedule.		
Lead time 0-30 days.	30	60
Lead time 31-60 days.	60	90
Lead time 61-90 days.	90	180
Lead time over 90 days.	Equal to actual lead time.	180
PIA order.	150	270
Purchase orders (up to \$10,000).	90	180
Purchase orders (over \$10,000).	120	180
Printing orders.	120	180
Material Services orders.	30	90
Food orders.	90	120
Special orders for forms, letterhead, etc.	Equal to actual lead time.	360

22030.10.5.3 Purchase Order Example for Calculation of Min/Max Levels

Example using guidelines for MIN/MAX levels for items purchased by POs up to \$10,000 (When a replenishment order is prepared, the quantity ordered is 90 items):

- Yearly demand: 180 items.
- Order and shipping time: 90 days.

- Operating level: 180 days.

Method 1

Step 1 - convert yearly demand into issues per day. Issues per day = 180 items (yearly demand) ÷ 365 days = .5.

Step 2 - calculate the minimum level. Minimum = ordering and shipping time (in days) x issues/days = 90 x .5 = 45 items.

When the stock on hand is depleted to 45 items, a replenishment order is prepared.

Step 3 - calculate the maximum level. Maximum = operating level (in days) x issues/days = 180 x .5 = 90 items.

When MIN/MAX levels may also be calculated with the yearly demand divided by factors based upon ordering and shipping time (for the minimum level) and operating level (for maximum level). The division factor for the minimum level is the approximate number of days per year (360) divided by the ordering and shipping time in days. The division factor for the maximum level is an assumption of the number of orders per year (i.e., the approximate number of days per year - 360 - divided by the operating level in days). A chart that provides the division factor for different ordering and shipping times or operating levels follows:

Ordering and Shipping Time or Operating Level (in Days)	Division Factor
365	1
180	2
120	3
90	4
75	5
60	6
45	8
30	12

Method 2

Step 1 - determine the division factors. Minimum = 4 (for ordering and shipping time of 90 days). Maximum = 2 (for operating level of 180 days).

Step 2 - calculate the minimum level. Minimum = yearly demand ÷ division factor for ordering and shipping time = 180 ÷ 4 = 45 items (When stock on hand is depleted to 45 items, a replenishment order is prepared).

Step 3 - calculate the maximum level. Maximum = yearly demand ÷ division factor for operating level = 180 ÷ 2 = 90 items.

Note: When a replenishment order is prepared, the quantity ordered is 90 items. The quantity to order is the maximum supply level.

22030.10.5.4 Contract Example for Calculation of Min/Max Levels

Example using guidelines for min/max levels for items purchased from contract:

- Yearly demand: 72 items.
- Order and shipping time: 60 days.
- Operating level: 90 days.

Method 1

Step 1 - convert yearly demand into issues per day. Issues per day = 72 items (yearly demand) ÷ 365 days = .2.

Step 2 - calculate the minimum level. Minimum = ordering and shipping time (in days) x issues/days = 60 x .2 = 12 items (When the stock on hand is depleted to 12 items, a replenishment order is prepared).

Step 3 - calculate the maximum level. Maximum = operating level (in days) x issues/days = 90 x .2 = 18 items.

Method 2

Step 1 - determine the division factor. (See chart for prior example of Method 2.) Minimum = 6 (for ordering and shipping time of 60 days). Maximum = 4 (for operating level of 90 days).

Step 2 - calculate the minimum level. Minimum = yearly demand ÷ division factor for ordering and shipping time = 72 ÷ 6 = 12 items (When stock on hand is depleted to 12 items, a replenishment order is prepared).

Step 3 - calculate the maximum level. Maximum = yearly demand ÷ division factor for operating level = 72 ÷ 4 = 18 items (When a replenishment order is prepared, the quantity to order is 18 items).

22030.10.5.5 Requisitioning Objective Method of Setting Levels

To determine R/O supply levels, the following history is necessary:

- The total amount of recurring issues for one demand year (365 consecutive calendar days).
- Ordering and shipping time.
- Operating level.
- Safety level.

22030.10.5.6 Guidelines for Requisitioning Objective Levels

For the R/O method, 135 days of supply is adequate for Department warehousing facilities. The number of days for each component is as follows:

Operating Level	Ordering and Shipping Time	Safety Level
60 Days	60 Days	15 Days
135 Days		

22030.10.5.7 Example for Calculation of Requisitioning Objective Levels

An example of the R/O method follows:

- Yearly demand: 720 items.
- Ordering and shipping time: 60 days.
- Operating level: 60 days.
- Safety level: 15 days.

Step 1 - convert yearly demand into issues per day. Issues per day = 720 items ÷ 365 = 2.

Step 2 - calculate the number of items used during the ordering and shipping time. Number of items = ordering and shipping time (in days) x issues per day = 60 x 2 = 120 items.

Step 3 - calculate the number of items required for the operating level. Number of items = operating level (in days) x issues per day = 60 x 2 = 120 items.

Step 4 - calculate the number of items required for the safety level. Number of items = safety level (in days) x issues per day = 15 x 2 = 30 items.

Step 5 - calculate the R/O. R/O = number of items for the ordering and shipping time + number of items for operating + number of items for safety level = 120 + 120 + 30 = 270 items.

Step 6 - calculate the reorder point (ROP). ROP = number of items for ordering and shipping time + number of items for safety level = 120 + 30 = 150 items (When stock on hand is depleted to 150 items, a replenishment order is prepared).

Step 7 - calculate the quantity to be ordered. Order quantity = R/O - RPO = 270 - 150 = 120 items (When a replenishment order is prepared, the quantity ordered is 120 items).

This is a minimum guideline. Such things as minimum order quantities from supply sources (e.g., contract vendors) may require that an order be issued for more than the difference between the R/O and ROP. Use your own judgment ordering more items delays the need to reorder the next time but increases the amount of inventory investment to more than is required.

22030.10.6 Maximum Quantities Allowed in Inventory

Any quantity in excess of the R/O is technically long supply. Quantities on hand and due in from outstanding orders shall not exceed the R/O unless the items can be used within the next 45 day operating period. The next reorder shall be delayed until the amount in long supply is exhausted.

22030.11 Warehousing Program

The warehousing program shall provide for the following:

- Establishment of warehousing facilities in line with distribution plans.
- Storage areas, handling equipment, and warehousing methods and techniques which optimize the use of the facilities.
- Verification that materials are received as ordered.
- Storage of material.
- Rotation of stock.
- Effective distribution of material ordered by customers.
- Maintenance of accurate records.
- Regular survey of physical inventories.

22030.11.1 Establish Warehousing Facilities In Line With Distribution Plans

The warehouses shall be material distribution facilities and not merely places to store supplies. Planning and layout of space are dependent upon the types of supplies being stored. At all facilities used to store and distribute materials, entry/exit controls shall be in place to restrict unauthorized personnel from having access to the inventory (except in cases involving emergencies concerning health and safety).

Subsistence supplies shall be protected properly from extreme changes of temperature, dampness, rodents, and insect infestation. Security items shall be

stored in vaults or safes. Sensitive items, subject to pilferage, shall be properly protected. Hazardous commodities, including explosives, flammables, and oxidizing agents, shall be properly segregated from each other and other types of supplies and stored in buildings designed for this purpose.

Every effort shall be made to:

- Use space in the most effective and efficient manner.
- Use pallets and material handling equipment effectively.
- Use a direct flow assembly line principle.
- Establish an effective warehouse and storage layout plan.

22030.11.2 Effectively Received Material

The support and/or maintenance warehouse staff shall perform all receiving duties at the institutions, including those shipments destined for other areas inside their facility. For other facilities without a formal warehousing program, an employee shall be designated to be responsible for the receiving functions.

All facilities receiving purchased material shall maintain an open order receiving file. At least semi-monthly, the receiving file shall be monitored for overdue shipments and the orders shall be followed up to determine the status of late deliveries.

Once it is verified that an overdue shipment has not arrived, a non-delivery letter shall be prepared. Without proper notification, a buy-out requires the original vendor to pay the difference, if any, of the price paid to the alternate bidder or any additional cost because of the inconvenience caused by the non-delivery. Buy-outs shall be coordinated by the Office of Procurement.

The receiving agent shall verify incoming shipments against a copy of the original purchase order and packing slip. Materials received by common carrier shall be verified against the carrier's shipping document (freight bill).

When inmates are assisting with receiving duties, the delivery vehicle license number shall be noted on the warehouse copy of the freight bill or receiving documents (This shall aid in the identification of vehicles used in the event of inmate escapes).

All cartons shall be inspected for correct quantity of items and visible damage. The most critical time for establishing a proper base for collection of a shortage or damage is at the time of delivery. Failure to observe correct receiving procedures at this time may well result in the carrier's denial of a claim. For all overages, shortages, or damages (O, S, or D), an explanation of the discrepancy shall be written on all copies of the delivery documents. The delivery documents shall then be signed by both driver and receiving agent.

Upon receipt of a shipment that is over, short, or damaged, the receiving agent shall furnish the payments unit staff, vendor, and/or the person expecting the shipment with information concerning the problem. This can be accomplished by using the O, S, or D form. This provides those involved with the O, S, or D with a written statement and actions required to resolve the problem.

Inventory control of property shall begin immediately when delivered by the vendor. The receiving agent shall contact a property controller at the time of delivery to arrange to have property items tagged or engraved for easy identification as state-owned property before they are moved from the point of delivery.

22030.11.3 Visible Damage

Inspect the individual pieces before accepting the delivery and signing the carrier's delivery documents. Legally, the consignee must accept delivery of a damaged shipment.

Notify the vendor and carrier's representative of the damage and request an immediate inspection.

Retain the containers and packaging material for inspection by the carrier's representative.

Contact the Office of Procurement, Traffic Management Unit, for assistance when damages to material exceed \$100.00.

22030.11.4 Concealed Damage

Upon discovery of concealed damage, immediately stop unpacking the shipment.

Leave the shipment intact and do not remove it from the receiving location. Retain the internal packing, carton, or crate intact.

Notify the carrier and vendor that concealed damage was discovered and request inspection. Try to offer reasonable evidence that concealed damage did not occur after delivery.

Contact the Office of Procurement, Traffic Management Unit, for assistance when damages to material exceed \$100.00.

22030.11.5 Stock Received Reports

Stock received reports shall be:

- Prepared at the time goods are received. Receiving agents may use a STD Form 106, Stock Received Report, or a copy of the PO (as long as the information required on the STD Form 106 is shown on the copy of the PO).
- Processed immediately.
- Routed to the payments unit for prompt payment of invoices. Discounted purchase order stock received documentation shall be expedited to ensure that payment is made according to the terms shown on the purchase order.

22030.11.6 Storing Material

Accessibility shall be the first consideration when arranging stock for order processing. Fast moving, high transaction items shall be stored in locations where they can be selected and issued with the minimum amount of handling. Warehousing staff shall store bulky or difficult to handle items, when possible, near doors and main aisles leading directly to the shipping and pickup areas. Materials shall not be arranged in strict PIN stock item number sequence.

All shelves, bins, and bulk cartons shall be stock numbered to identify the items being stored.

A systematic stock rotation program shall exist at all warehouse storage areas. All materials in inventory shall be dated at the time of receipt. Items that carry an assigned shelf life require shelf rotation; first-in, first-out warehousing shall be used with these items. Whenever possible, the flow-through method for bulk storage items shall be used. With the flow-through method stock is selected from one end of a row or rack of a single stock item and new stock is replenished at the other end.

22030.11.7 Distribution of Material

A catalog of items in inventory shall be provided to staff for ease of requisitioning materials.

Materials shall be issued from warehouses on a STD Form 115, Order for Storeroom Supplies, or a local form that contains the same basic information as the STD Form 115. The requisition shall show the date of the requisition, the unit to be charged, the stock item number and description, quantity ordered, and signature of requester. The requisition shall be signed by the approving officer who shall retain the triplicate copy until the order is filled. The approving officer shall send both the original and duplicate copies of the requisition to the warehouse.

Each approved requisition shall be numbered and listed in a central control register for reference control of material issues.

After the order is filled, the original of the requisition shall be used to update stock records while the duplicate copy accompanies the material and serves as a packing slip.

When the goods are received, the person who ordered them shall check the quantity received, sign the receipt portion of the triplicate copy, and send it to the warehouse for comparison of quantity filled vs. quantity received. All discrepancies shall be reported immediately. Immediate reporting shall assist in determining the steps necessary to rectify any discrepancies.

The distribution of maintenance warehouse items shall be basically the same as distribution of all other items, except all trades staff shall stock a 30-day supply of maintenance supply items in their respective areas or vehicles to eliminate frequent trips to the warehouse. A STD Form 115 or similar form is required for all issues from maintenance warehouses.

Every effort shall be made by staff to maintain accurate warehouse and inventory control records, which make the detection of losses easier.

22030.11.8 Physical Inventory of Materials

A count of every inventory item held in storage shall be taken annually on all materials in all warehouses, storerooms, and maintenance shop storage areas. More frequent inventories are acceptable if experience indicates that reducing the interval between physical inventories shall result in less time being consumed in the reconciliation of records.

Food shall be inventoried at least quarterly to determine the amount of supply necessary for the next quarterly food order.

22030.11.8.1 Physical Inventory Check List

The following is a checklist of action steps that shall help to achieve a successful physical inventory:

- Establish a firm inventory date, and provide advance notice to vendors and employees. The inventory date shall be established and approved well in advance of the proposed inventory. Cut-off times shall be determined for all operating activities which have an effect on physical inventory. This shall include interagency shipments and corresponding paperwork, issues, and vendor shipments and receipts. Determination of an inventory date shall depend on the number of items in stock, the time needed to count these items, and the established business hours. It may be beneficial to take the

inventory during non-business hours to minimize disruptions to day-to-day operations. When the inventory is not centrally located, the physical inventory shall be conducted at all locations on the same day(s).

- Assign inventory responsibilities. The supervisory responsibility for physical inventory shall be delegated to the person with the functional duties of purchasing officer, business manager, materials manager, or inventory manager. The accounting office shall fully participate in the physical inventory if the accounting office performs the inventory reconciliation.

An inventory supervisor shall be assigned to each area to be counted to supervise the taking and reporting of the count. The functions of the inventory supervisor are:

- Briefing. On the first day of the count, the inventory supervisor shall give the final briefing on count procedures.
- Count control. The inventory supervisor shall maintain control of the preprinted inventory worksheets and assign worksheets for counting, supervise reconciliations, and collect the completed data.
- Count integrity. The inventory supervisor shall maintain counting procedures, reconciliation of count data, and all other matters which affect count accuracy.
- Inventory acceptance. The inventory supervisor has sole and final authority to accept count data as complete and accurate. The inventory supervisor may require recounting by staff, emergency overtime, etc. The inventory count is not completed until accepted by the inventory supervisor.
- Perform inventory preparation. Before the scheduled inventory date, the warehouse manager(s) shall check all bins and bulk stock to see that the stock is clearly marked and arranged for ease of counting. All bin, shelving, and pallet rack labels shall be checked to assure that stock numbers, descriptions, and units of measure are identical to those listed on the inventory worksheets. The inventory worksheets are either computer produced or manually prepared by the inventory supervisor from the authorized stock listing (listing of items acceptable for storage). Items found in storage that are not shown on the stock listing shall be brought to the inventory supervisor's attention for addition to the listing or disposal action.
- Assign operating cut-off dates. Operating cut-off times for business activities and paperwork, and desired inventory preparation, shall be coordinated with the inventory date. All receiving documentation, requisitions, and shipping memos issued prior to the inventory shall be clearly marked "before inventory" and processed before the inventory is taken. All materials received after the assigned cut-off date shall be set aside, clearly identified as "after inventory", and held until after the inventory counting is completed. All receiving and issuing documentation shall also be marked "after inventory" and not processed.
- Determine and schedule inventory requirements for staffing, supplies, and equipment. Staffing heads the list of inventory needs. An adequate number of people shall be assigned. The types of listings, inventory tags, forms, or recording devices shall be selected. Writing tools, such as pencils, marking pens, etc., shall be provided. Masking tape, cards, wire, or string shall be obtained if tags are used. A clipboard or something similar shall be handed out to write on.

Ladders and step stools shall be obtained ahead of time for easier counting of material on upper shelves. Equipment shall be available for stock that has to be moved during counting.

- Provide adequate training. Schedule inventory training dates and provide advance notification to affected personnel. Conduct thorough training with inventory supervisors before instructing other inventory personnel (counters, recorders, inspectors, auditors, etc.).

Inventory supervisors shall receive instruction a minimum of one week prior to inventory, to allow time to familiarize themselves with their area of responsibility and to make the area ready for inventory. Inventory personnel shall receive their instruction as close to the actual inventory as possible.

Inventory training for counting personnel shall include information on why the inventory is necessary, how to count and record accurately, and how to identify materials that shall be inventoried. They shall also

be informed that discovery of repeated bad counts through the audit process shall result in personnel recounting their entire area.

An instruction booklet or inventory information sheet shall be printed and handed out to each person. The booklet or sheet might contain the purpose of the inventory, but shall illustrate and explain the method of taking inventory, reiterate certain key inventory steps to follow, list assignments and accountability, and point out certain dos and don'ts relating to inventory counting such as:

- Do express count by the unit of measure assigned to the item being counted.
- Don't count partial quantities of any item where the quantity would be less than an expressed unit of measure, such as pounds, feet, or gallons.
- Do individually count the contents of all opened packages.
- Don't open sealed packages to count. Use the count marked on the outside.
- Do approximate the length of bulk items such as hoses, wire, etc., where lengths are extensive and too costly to count.
- Don't sight-count open - carton merchandise. Take merchandise out of containers to count.
- Do replace boxes or packages (or items counted) back in original location after counting.
- Don't disturb rotation sequence of items counted that carry assigned shelf life (Add any dos and don'ts not shown above which fit the inventory being taken and delete those that have no relationship).
- Count the inventory. The taking of a physical inventory shall be done in teams. A count team shall include a counter and recorder. As much as possible, members of count teams shall continue to work together throughout the inventory. Counting assignments shall be designated by a clearly defined physical area of the warehouse. The count teams shall count all stock within their area. The counter shall post a tag or card on all items counted to distinguish between counted and uncounted items. To make sure the correct item is being counted, the recorder shall read the complete stock item number, description, size, and color. The counter shall repeat the stock item number. Each recorder shall use a ruler as a line guide to ensure the count is entered in the proper column. The recorder shall record all numbers as neatly and legibly as possible.

The count teams shall pay close attention to the unit of measure to ensure they are counting the correct unit of issue shown on the inventory worksheet.

When an inventory item is not listed on the inventory worksheet, the item description, count, unit of measure, and stock item number shall be written in on the last page. All such write-ins shall be brought to the attention of the inventory supervisor.

Filling of emergency orders during the inventory period shall be strongly discouraged. Requesters shall be asked to leave the order for filling and pickup after the inventory is completed. If the emergency is such that the order must be filled, the inventory supervisor has sole authority to approve this action.

- Verify the count. The inventory supervisor shall assign count teams to check counts at random as well as to check on predetermined items which typically have been a counting problem in the past, have a high unit cost, or are subject to shrinkage. These counts shall be taken on approximately five percent of the stock. The person making the random counts shall record the stock item number, description, unit of measure, and quantity by area of recounted stock. The inventory supervisor shall reconcile this data to the original count; and if there is a difference, another count team shall be assigned to recount the item. If any evidence of a significant count error is detected, the original count team shall be assigned to recount all items within its assigned area.

The audit taken during physical inventory shall ensure that all items are counted uniformly and that an accurate count is taken.

- Perform inventory reconciliation. A report shall be issued at the conclusion of the physical inventory count which includes an explanation of any large differences between the inventory records and the physical count. Reconciliations may be required as a result of material issued from stock but not yet recorded or invoiced, materials-in-process, material on display or in separate areas, material missed during the count, or returned material and material-in-transit. The report shall contain an explanation of all attempts made to reconcile count and book differences. The book balance is the balance on hand shown on the Stock Control Record or stock status report at the inventory cut-off date.
- Finalize the inventory. To obtain the monetary value of the inventory, the inventory items shall be priced out. Use either the average cost method or current replacement cost, whichever is lower. When the average cost method is used, the average cost shall be updated as new receipts occur, or on a periodic basis. The use of the current replacement price generally inflates

the inventory value. When required, purchase, MIN/MAX, or days-of-supply level and issue information shall be posted to the inventory worksheets. This information shall be used in the calculation of turn-rates and for readjustments of stock levels.

- **Prepare and submit the final physical inventory report.** Prepare a copy of the inventory procedure, the final inventory monetary value, and the final physical inventory report. The report also shall contain the percentage of variance between the count and book inventories. The maximum acceptable percentage of variance is 5 percent. Generally, the difference after reconciliation shall be from 1 to 3 percent.

Upon acceptance of the final inventory report by management, inventory records shall be changed to reflect actual on-hand balances as verified by the physical count. Units with manual systems shall indicate on the records what adjustments were made as a result of the inventory.

Common reasons for inventory discrepancies are:

- Lack of recording receipts or issues.
- Accidentally placing merchandise in wrong storage areas.
- Recording quantity received without checking actual count before stocking.
- Pulling a larger quantity than asked for.
- Failure to prepare needed paperwork.
- Pilferage.

Only a physical inventory, taken with proper audit control, can certify counts and recommend needed corrections in procedures, record keeping, or security.

22030.11.8.2 Budget Comparisons

Inventory purchases shall be shown as a separate line item in the budget. Purchases shall be made after considering the inventory of expendable goods on hand.

The materials manager shall make a comparison of the budgeted amount, the amount spent on purchases of expendable goods inventory, and the amount of expendable goods issued from inventory. The dollar value of amounts issued shall exceed the dollar value of amounts purchased until long supply is reduced to acceptable levels. Thereafter, the amount issued shall coincide with the amount purchased. In July of each year, the business managers shall prepare a Materials Management Inventory Expenditure Report on amounts budgeted for expendable goods inventory, amounts spent, and amounts issued. The report shall include trends in the level of inventory investment at each facility.

22030.11.8.3 Stock Record Keeping Inspection/Audit

All institutions or facilities shall maintain stock records on inventory items. The materials manager shall visit the institutions periodically to inspect the record keeping system.

The stock records shall be audited to ensure that:

- The Department's criteria for selecting items for continuing storage are used.
- The Department's guide for selecting items for continuing storage is followed.
- The Department's guide for setting stock levels is used.

In addition to stock records, the materials manager shall audit purchase documents, property survey reports, etc., to determine if the Department's Materials Management policies are being followed and the goal and objectives of the Materials Management program are being met.

22030.11.8.4 Comparison of Physical Inventories

Starting with the June 30, 1986 physical inventory of support items including food, miscellaneous feeding supplies, clothing, housekeeping/janitorial, personal care, medical, and office supplies, a copy of all physical inventory data shall be sent to the materials manager. The inventories shall include a physical count, unit price, maximum supply level, annual demands, issues, receipts, and the ending book on hand.

Starting on July 30, 1990, a maintenance item physical inventory shall be conducted and include a physical count, the unit value of each item, extensions and the total value of each item, and extensions. Subsequent inventories shall require a physical count, unit price, maximum supply level, annual demands, issues, receipts and the ending book on hand. This data shall be compared to the base inventory data, by the materials

manager, to determine progress towards improved materials management.

Over a period of seven years, the long supply of expendable materials shall be exhausted; therefore, each subsequent inventory shall indicate:

- A reduction in the inventory investment (adjusted for the inflation rate and population fluctuations).
- Reduction in the number and variety of different items held in warehouses and storage areas.
- Reduction in the amount and number of items that are in long supply in the support, maintenance, and property storage areas.

22030.11.8.5 Inventory Reports Statewide Inventory Management Program (SIMP)

In addition to the base inventory, at the end of the fiscal year, a physical inventory shall be taken and input to the DGS, Office of Procurement, SIMP. The required inventory data shall be entered on the worksheets (SLH Form 912 provided by SIMP). The completed worksheets shall be sent to the SIMP and to the Department's Materials manager, ASD; and a copy shall be retained by the facility.

Each institution or facility worksheet shall list the specific items stored in that location. When the completed worksheet is received by the Office of Procurement, the inventory information shall be fed into the SIMP computer system.

The Department's participation in the SIMP inventory program shall be in two phases. Phase I began with a support warehouse inventory in fiscal year 1985-86. Phase II shall bring the maintenance inventories on line beginning in fiscal year 1989-90. Those facilities that now have an operational maintenance inventory control program in use shall be input first. It is anticipated that facilities that do not have an operational maintenance warehousing program shall be phased into the SIMP system during fiscal year 1990-91.

After the second physical inventory is in the SIMP system, management reports shall be produced to monitor and measure the effectiveness of the program. This system shall provide the Department with the following information:

- The Department's expendable goods inventory investment, by warehouse and stock item.
- An increase or decrease in the inventory investment and at what rate.
- Stock turnover/ratio.
- Identification of items in long supply or excess.
- Deviations of physical inventory counts when compared to stock record counts.

22030.11.8.6 SLAMM Statewide Physical Inventory Report

Guide to using the SLH Form 912, SLAMM Statewide Physical Inventory Report:

Area of "SLAMM Statewide Inventory Report"

Warehouse number - a number consisting of a five-digit agency billing code and a three-digit warehouse code. These codes are assigned by the SIMP Unit and shall be preprinted on each page of the worksheet.

Physical inventory date - the date of the inventory shall be entered by the SIMP analytical staff. This is a six-digit field that shall be hand-coded by the SIMP staff to ensure the inventory data is matched exactly with all previous inventories in their system.

Name, address, city, zip code - agency name and current address shall be preprinted on the first page of the inventory worksheet.

Stock number - a 12-digit PIN stock item number shall be printed in numerical sequence for each item maintained as an authorized stock item.

Description - a commodity description shall be printed for each stock item number from the PIN stock item master file.

Max-inventory, quantity-of-supply - enter the maximum supply level quantity. The R/O entry shall list the number of days supply for each component of this supply system.

Mode - the unit's current type of supply method is indicated by a preprinted X below either R/O or M/M.

Stock type (ST) - items determined to be either regular or contingency (emergency) stock shall be indicated by a preprinted R or C symbol.

Acquisition code (AC) - indicates the source or method for acquiring a stock item. The various codes and their meanings are listed in the PIN Stock Item Catalog. This information is preprinted from the PIN stock item master file.

Count - enter the total count on hand for each item at the time of the physical inventory. All count entries shall be in the unit of measure printed on the worksheet. Do not include fractional quantities.

Unit of measure (UM) - this is the standard issue unit of measure.

The units of measure shall be preprinted for each stock item listed on

the worksheet.

Unit cost - enter the latest cost for each item. Unit price shall be expressed in the same term as the unit of measure.

Demand - indicate the number of requests for the item for the past 12 months.

Issue - enter the total quantity issued for the one-year period starting on the date of the last physical inventory that was input to SIMP.

Receipt - enter the total quantity received during a one-year period starting on the date of the last physical inventory that was input to SIMP.

Book on hand (O/H) - enter the quantity shown on the Stock Control Record at the time the physical inventory begins (i.e., current balance on hand).

When the preprinted field information is in error or differs from the information contained on your records, do not make any notations or changes on the worksheets. These items shall be treated as add-ons and listed separately on blank worksheets for the creation of new PIN numbers for your inventory.

22030.12 Property Management

The property unit shall provide input data and maintain property inventory records on all items meeting the criteria for property accounting. From this data, department management shall be guided and assisted in the following:

- Establishing equipment maintenance schedules.
- Determining property inventory needs based on expected obsolescence or probable ending of its useful life.
- Assisting budget staff in determining items to be budgeted.
- Maintaining an accurate record of property held accountable to the department or unit.
- Providing sufficient data to determine if there is surplus property and locations needing property.
- Providing a sufficient data base to draw information for routine or special reporting.
- Maintaining a functional inventory tool for all users.

Stock Records

For departmental property inventory control purposes, unit stock records shall be maintained on all state-owned items that meet any of the following requirements:

- Has a normal useful life of at least four years;
- Has a unit acquisition cost of at least \$500; or
- Is defined as sensitive property.

22030.12.1 Sensitive Property

Sensitive property is any highly desirable and portable item, including expendable material. Sensitive materials include any items that possess a value because of:

- Procurement restrictions.
- Restricted use or possession of the item to certain people or functions.
- Potential for sale or barter.
- Uniqueness.
- Availability.
- Ability to be transported easily without detection.
- Desirability for personal use.

Examples

Some sensitive items are the following:

- Adding/calculating machine.
- Binoculars.
- Boat/canoe.
- Breathing apparatus.
- Calculators.
- Calibrator, gas voltage.
- Cameras.
- Cutters, pipe/bolt/torch.
- Detectors, bomb/infrared/metal.
- Dictation equipment.
- Drill, electric.
- Dynamometer, hand held.

- EDP hardware.
- EDP software.
- Edger, lawn.
- Embossing machines.
- Engraver/etcher.
- Fluoroscope.
- Keyboard, electronic.
- Lens, projector/camera.
- Light, timing (auto).
- Microphone.
- Microscope.
- Microwave oven.
- Monitor/TV audio.
- Mower, lawn.
- Musical instruments.
- Ohm meter.
- Oscope/oscilloscope.
- Projector (portable).
- Paging system.
- Player, audio/video.
- Punch/die set (complete).
- Recorder, audio.
- Router.
- Razor, electric.
- Sander, belt/disc.
- Saw, circular/jig/saber.
- Scope, spotting.
- Stop watch.
- Strobe, camera.
- Telescopes.
- Televisions (portable).
- Tool sets (complete).
- Tester, voltage/transistor.
- Typewriters.
- Weapons (includes pistol, rifle, shotgun, speed loader, scopes).

22030.12.2 Budgeting for Property

For budget purposes, property shall meet the following three requirements:

- Have normal useful life of at least four years.
- Have a unit acquisition cost of at least \$500 (e.g., four identical assets which cost \$300 each, for a \$1,200 total, would not meet the requirement).
- Be used to conduct state business.

22030.12.3 Property Identification Numbers

Each item of state-owned property shall bear an identifying number, either by decal or engraving. The manufacturer's serial number for typewriters, computers, calculators, etc., shall not suffice for purposes of identification.

Property numbers are assigned to property as it is received. When the property is received from the vendor and prior to moving the item from the point of delivery, the property controller shall assign a property tag that indicates the division or unit to which the property belongs and a specific number that shall be affixed to the item.

Property is tagged to designate the assets as belonging to the state. Property tag or engravings shall be placed so that they are in plain sight and easy to read.

When a computerized bar code system is in effect, an optical scanning identification decal can be substituted for the traditional property tag now in use.

To the extent possible, all property shall be tagged on the front, left-hand corner of the item. The identification number/tag shall not be changed unless transfer occurs between divisions or institutions. If the property tag is destroyed, lost, or marred beyond recognition, a substitute number shall be supplied upon request.

22030.12.4 Adhesive Tags

This type of tag includes tags manufactured from thin gauge metal, plastic, or other materials that are attached by use of an adhesive. These tags are for general purpose use and shall be used whenever practical. All tags shall be 1 1/2" x 3/4" as illustrated below. Tags shall be numbered sequentially.

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Tags are not required for the following:

- EDP software. However, locations having EDP software shall maintain an inventory listing of that software to ensure both accountability and security for state property.
- Furniture such as desks, chairs, bookcases, file cabinets, etc. that do not meet the criteria for property accounting.

22030.12.5 Stock Records

The Department shall maintain inventory control records on all property that meets the criteria for strict accountability. The following information shall be input into the inventory control record system when property is acquired:

- Acquisition date.
- Property description.
- Property identification number.
- Cost or other basis of valuation.
- Owner fund.
- Rate of depreciation (or depreciation schedule) if applicable.

The Department shall maintain stock records of property on a STD Form 153A, Property Record Card or on an automated property accounting system.

The STD Form 153A is a multi-part form to be used to provide information in three different sequences. They are as follows:

- Property identification number.
- Description, brand, serial number.
- Location/custodian.

The property stock records shall provide the Department with a method of determining the quantity, value, and location of property items.

22030.12.6 Physical Inventory of Property

The Department shall conduct a physical inventory on all property and reconcile the inventory with accounting records at least every three years. Inventory counting does not need to be performed at one time. Units may take a rotating inventory according to an inventory calendar.

Units shall develop and carry out an inventory plan that shall include:

- Inventory taking.
 - Time schedule.
 - Count procedure (type of listing or count sheet to be used).
 - Count assignment (statement of who shall take the inventory at the times and locations scheduled).
- Internal control.
 - Inventories shall not be exclusively controlled by the custodian of the property records.
 - Worksheets used to take inventory shall be retained for auditing purposes. The worksheets shall show the date of inventory and the name of the person taking the inventory.
 - Physical inventory records shall be retained until the inventory reconciliation is completed.
 - The person in charge of the storeroom, if one is used, shall not be in charge of maintaining the inventory records nor the taking of physical inventory in that location.
- Reporting and approval of inventory adjustments.
 - Adjustments and reconciliation of the records shall take place after the physical count has been completed.
 - Review and approval of all inventory adjustments shall be made by the business managers at the institutions or section chiefs at all other Department facilities. This review and approval shall be documented on a STD Form 157, Property Listing Adjustment Sheet.

For any move of an office from one building to another, an inventory shall be conducted on property items prior to and after the move is completed. This shall ensure that all property is accounted for and that property records are updated and the move completed as planned.

22030.12.7 Storage of Property

At least annually, a review shall be made of all property storage areas to determine the need to maintain property and what is surplus or excess to the needs of the facility. Every effort shall be made to reduce

the amount of warehoused property that could be used by another division or at another location within the Department and to reduce the amount of space required for warehousing.

The Department may store a maximum of five complements of office furniture at any facility it leases or owns. A complement of office furniture consists of the following:

- One desk.
- One swivel chair.
- Four side chairs.
- One work table.
- One credenza.
- One bookcase.
- One typewriter.
- One calculator.

If these amounts of furniture are exceeded, each facility shall state in writing why they need to store used office furniture, how many complements shall be stored, and how long they shall be stored.

22030.13 Surplus and Obsolete Property

Each departmental facility maintaining warehouse inventories shall develop a viable program for disposal of surplus material.

- Each facility shall establish a property survey board which shall determine whether items are surplus or obsolete and the methods to be used to dispose of the items.
- The property survey board shall be composed of several section chiefs and chaired by a Correctional Administrator.
- The board shall meet at least quarterly to make management decisions concerning disposal of surplus and obsolete material.
- The goal of all property survey boards shall be to reduce the inventory investment and storage costs and to make storage space available for other functions.
- A property controller shall identify and dispose of material.

Several methods shall be employed to determine surplus, obsolete, or discontinued material.

- Frequent inventory appraisals shall identify potential surplus conditions before they become real, by acknowledging the trend toward a slow or no activity status or an increase in inventory.
- Stock records shall be used to determine when items are no longer in demand and should be removed from inventory.
- Staff shall try to be aware of changing technology that contributes greatly to the stockpiling of obsolete and surplus material.

Staff shall promote common parts usage to limit the total number of probable inventory items or urge a limitation of the variety of items.

In plant operations, warehouse staff shall be promptly informed when equipment is pulled out of service so that repair parts for this equipment can be disposed of and removed from the inventory.

All items identified as surplus or obsolete by the property survey boards shall be listed and submitted to the Department's materials manager for review and analysis. The listing shall include a full description, age, condition, value at the current replacement cost, and the approximate area where the item is located in order to determine the most effective method for disposal of the property and to provide data on inventory reductions to the DGS' Statewide Materials Inventory Management Program.

Under no circumstances shall material, tangible or intangible, be disposed without proper documentation. A Property Survey Report, (STD Form 152), shall be prepared for all transactions involving material disposal and shall be approved in advance by the Department's Materials Manager and the Office of Procurement's State Surplus Program. The Department's Materials Manager and the State Surplus Section shall instruct the facility to:

- Transfer the material to another facility within the Department; or
- Transfer the material to another state agency; or
- Make a diligent effort to secure at least three competitive bids and sell the material.

When materials are transferred to other state facilities including those within the Department, a STD Form 158, Transfer of Location of Equipment shall be prepared and distributed according to the instructions on the form.

22030.13.1 Public Sale

Whenever public sales are conducted, a system of checks and balances shall be used. This shall, at a minimum, consist of having separate persons handle the sale and the collection of funds.

Three methods can be used to dispose of surplus property through public sale:

- Sealed bid.
- Auction.
- Fixed price.

The best method is the sealed bid. Historically, this method had the highest monetary return. A diligent effort shall be made to secure at least three competitive bids. If three competitive bids cannot be obtained, a list of the firms or individuals that were solicited shall be prepared and signed by the employee soliciting the bids. The bid solicitation list and the bids received shall be attached to the property survey report.

When material is to be disposed of at a public sale, public notices shall be given. The public notices shall consist of:

- Newspaper ads.
- Notice of sale posted in public places.
- Mailings to interested businesses and individuals.
- Announcements on employee bulletin boards.

Public sales shall be announced a minimum of one week prior to the sale. Notices in newspaper ads shall run a minimum of three days.

An ample quantity of Notice of Sale flyers for distribution to prospective bidders shall be supplied to the unit where the sale material is located. The bid due date shall be set far enough in advance to allow ample time for advertising, bidder's inspection of items, and preparation of bids.

State employees may participate in public sales providing they do so in the same manner as the general public. Employees shall not use their position, office, or prestige to their advantage when participating in sales of materials and shall not participate on state time.

The terms and conditions of a proposed sale shall be prepared in advance of the sale and made available to prospective bidders at the time of the sale. A copy of the terms and conditions shall be posted at the sale site.

The terms and conditions shall contain the following information:

- When and where material offered for sale may be inspected.
- Bidding procedures, including bid closing time and date.
- Bid opening time and date including statement as to how successful bidders shall be notified.
- How, when, and where successful bidders shall make payment including a statement regarding sales tax.
- Time limit for successful bidders to pick up items.
- Other bid conditions including any other relevant information and the following statement:

The items are being sold as is and where is. Verification of the description and condition is the responsibility of the bidder. All sales are final. The State of California reserves the right to reject any or all bids or to waive any defects or irregularities therein. Minimum bid amounts, when indicated, shall be applicable.

The State of California makes no warranty, either expressed or implied, as to the condition or completeness of the equipment being sold nor does the equipment necessarily meet CAL-OSHA Standards, Orders, or Regulations.

After the successful bidder has paid for the items and presents their receipt, the bidder shall be requested to sign an appropriate delivery receipt to signify that they have received the property. When scrap and junk is being sold, the person taking delivery shall either sign a delivery receipt or give the agency a receipt indicating the type and quantity of material removed from the premises.

After the sale of property is completed, the amount of cash received shall be recorded on the approved copy of the property survey report. The approved copy shall be retained by the organizational unit conducting the sale.

22030.13.2 Other Methods of Disposal

When a transfer of material is to be made to another facility within the Department or to another agency, the following shall be clearly understood and agreed upon by both units:

- Description of items to be shipped.
- Quantity to be shipped.
- Price.
- Method of and who shall pay for shipping.

Whenever material is disposed of by some means other than transfer or sale (junked, hauled to the dump, scrapped, dismantled for salvage) the

property controller or section chief shall certify in writing that the disposition described has been accomplished. The certification may be made on the property survey report (PSR) or on a separate piece of paper that shall be attached to and filed with the PSR. When material is disposed of at a public dump site, a signature shall be obtained from the disposal site operator or attendant indicating that the property listed was disposed of at the site. If the dump site is unattended, the employee disposing of the property and the property controller shall sign and certify that the disposition described was accomplished.

Every effort shall be made to follow state and departmental policies, guidelines, and procedures when disposing of state-owned property.

22030.14 Department Management Reports

The materials manager shall prepare annual reports for management at each institution or facility where major materials management functions are performed. The analysis report shall be an evaluation of the effectiveness of each institution's or facility's materials management program and shall include recommendations for improvement, when necessary.

22030.15 Revisions

The Deputy Director, ASD, or designee, shall ensure that the content of this section is accurate and current.

22030.16 References

GC §§ 11330 – 11335.

GC § 14675.

SAM §§ 0510, 1690, 1691, 1694, 1695, 3520, 3535, 3536, 4174, 4175, 5901, 5953, 5952, 5952, 5952, 8621, 8640, 8643, 10220,

PCC § 10334.

ARTICLE 13 — CONTRACTS

Revised July 30, 2010

22040.1 Policy

The Department shall enter into contracts in accordance with the provisions of the State Administrative Manual (SAM), the Public Contract Code (PCC), the Government Code (GC), the Labor Code (LC), the State Contracting Manual (SCM), the Penal Code (PC) and all other applicable State law and regulations.

22040.2 Purpose

This Article describes departmental policy for processing contracts with the exception of those contracts which are subject to the provisions of PC § 7000 et seq. (i.e., masterplan construction).

22040.3 Responsibility

The Deputy Director of the Office of Business Services (OBS) acts as the Procurement and Contracting Officer (PCO) pursuant to the PCC § 10333 & 10351-2, and SAM § 1208 on behalf of the Secretary of the California Department of Corrections and Rehabilitation (CDCR), and delegates signature authority for approval for contracts to the Contracts Management Branch (CMB) managers.

The CMB of the Office of Business Services shall administer all contracts through execution into by the Department in a manner which:

- Conserves the financial interests of the State.
- Prevents thriftless acts or expenditures by employees of the Department.
- Ensures compliance with applicable laws, rules, and regulations of the Department.

The CDCR receives an exemption every four years from the Department of General Services (DGS) to execute contracts up to a certain dollar amount. All contracts exceeding the specified dollar amount must be approved and executed by DGS. The contracts executed by the CDCR are subject to approval by the DGS per PCC § 10335. The exemption is in addition to contract exemptions set forth in the SCM.

The Enterprise Information Services (EIS) Division of CDCR is responsible for the acquisition and maintenance of information technology (IT) goods and services.

The California Prison Health Care Services (CPHCS), the receivership established by the federal courts in June 2005 as a result of the Plata v Schwarzenegger lawsuit, shall administer all adult inmate medical and related services, e.g., nursing, pharmaceutical, and laboratory services contracts of the CDCR.

The DGS is the State agency, which exercises supervision over contracts entered into by State agencies and departments. DGS reviews contracts to ensure that the best interests of the State are preserved; that agencies of the State are complying with applicable laws, rules, and regulations; and expenditures are fiscally responsible while meeting the needs of the State.

The Department of Finance (DOF) and the DGS have general powers of supervision over matters concerning the financial and business policies of the State

and shall institute investigations and procedures deemed proper to conserve the rights and interests of the State.

The Office of the Attorney General (AG) will review and approve any public works construction projects exceeding \$250,000 (adjusted periodically by the DOF to reflect the percentage change in the annual California Construction Index) and executed under PC § 7000.

22040.4 Contract Process

The CMB shall administer all non-IT service contracts, including the competitive bid and non-competitive bid (NCB) processes, for Adult Institutions, Division of Juvenile Justice (DJJ) facilities, Adult and Juvenile Justice Parole Divisions, and Adult and Juvenile Justice Headquarters Programs. Service and Expense orders can be utilized to obtain informal services not to exceed \$4,999.99 (excluding tax) for a twelve-month period.

Contract processing time can vary significantly depending upon the complexity and volume of contracts and the various control agencies involved in the approval process. Programs shall follow the OBS established contracting guidelines to allow enough lead time for necessary approvals before the effective date of the contract.

All requests for contracts shall be initiated by the program/institution on a Purchase Requisition (PReq) through the release process to the CMB in Systems, Applications, and Products (SAP).

22040.5 Emergency Contracts

Emergency contracts which are necessary for the immediate preservation of life or State property are exempt from advertising.

The definition of what constitutes an emergency is contained in two separate sections of the PCC.

- Section 1102 addresses emergency services and,
- Section 10122 addresses emergencies for construction and public works.

Emergency contracts are designed to provide immediate services needed to mitigate an emergency and cannot be used to complete an entire project or provide on-going services unless mitigating efforts are insufficient to address the emergency. State of California contracting rules and regulations require a competitive bidding process to obtain a contract for projects and on-going service needs. Under an emergency situation, informal bids (minimum of three) may be obtained by telephone and work may begin without an executed contract if the contract has been verbally authorized by someone with Department authority to authorize the initiation of an emergency contract. However, a full explanation of the emergency and a justification for the contract price shall be included on the Agreement Summary (STD. 215).

Examples of acceptable emergency contract situations include:

- Institutional security failures such as gates, fences, security systems (i.e., lethal electrified fence, shaker fences, cameras, etc.).
- Failure of other critical building/site components or systems required to maintain staff, inmate, and public safety and licensing.
- Utility failures such as loss of power, potable water, wastewater.
- Failure of essential central plant services such as HVAC, steam, hot water.
- Loss of fire protection or other essential life safety systems.
- Loss of essential food services.
- Unanticipated loss of janitorial services that impact the immediate health and safety of staff.
- Identification of toxic mold within the premises that must be remediated to protect the health and safety of staff.

Examples of unacceptable situations for using the emergency contracting process include:

- Building system or component renewal beyond what is required to address the immediate failure or condition.
- Scope of work activity beyond the acceptable immediate emergency condition as demonstrated above.
- Restoration or replacement of a building system or component beyond its original design capacity.
- Instances in which the requesting institution or program failed to adequately plan for required services.

The PCC allows exceptions to the competitive bidding requirement in true emergencies. However, emergency contracts are not exempt from all other contracting requirements including a valid business license,

insurance coverage certificates, and payment bonds, payment of prevailing wages and DGS/Office of Legal Services (OLS) or AG approvals.

22040.6 CDCR Purchase Requisition (PReq)

The responsible program shall complete and submit a PReq in SAP, including all required contract documents and forward to the CMB.

22040.7 Agreement Summary (STD. 215)

The CMB shall prepare the Agreement Summary (STD. 215), in accordance with the OBS Contracting Guidelines and the SCM.

The CMB will obtain the approval of the contract's funding on the STD. 215 from the approving authority within the program. The approving authority will be the same program representative authorized to approve a PReq in SAP.

22040.8 Appropriate Signatures

Upon return of the contract from the contractor, the CMB shall obtain the appropriate departmental signatures and, if required, control agency review and approval. Signature authority for Service and Expense Orders not to exceed \$4,999.99 (excluding tax) for a twelve-month period has been delegated to designated individuals at adult institutions and DJJ facilities.

22040.9 Amendments

An executed contract cannot be changed except by formal amendment. An amendment is required when any of the following proposed changes to an executed contract are required:

- Change in the scope of work.
- Change in contract term (if original contract allowed for an extension).
- Increase or decrease in total funding for any one fiscal year.
- Salary increases over 15% of the budgeted high salary range.
- Increase in the total Personnel category greater than 15%.

If a contract needs to be amended, the original PReq must be amended to reflect the changes in SAP by the responsible program. The responsible program shall prepare and provide all required documents by attaching them to the PReq in SAP. Amendments must be requested to allow sufficient time for processing, as detailed in the OBS Contracting Guidelines.

A contract that has expired or been terminated cannot be amended.

Both contracting parties shall approve contract amendments. If the original contract required DGS approval the amendment shall also require DGS approval, except, to extend the original contract term for a period of one year or less.

A NCB may be required to amend a contract under the following circumstances:

- If the original contract was let via the NCB process.
- The amendment changes the scope of work.
- The amendment increases the dollar amount by 30% or more of the original contract amount, not to exceed \$250,000, and there is no change to the scope of work.
- The amendment extends the term of the contract and adds money.

The date of the amendment shall be prior to the expiration date of the original contract.

A budget change between line items does not require a contract amendment if the change:

- Is 15 percent or less of the total amount of the contract or such other percentage as specified in the contract.
- Does not increase the total amount of the contract.
- Does not significantly modify the original intent of the contract.

The amendment will clearly state all changes to the original contract and incorporate any changed exhibits or attachments.

22040.10 Contract Content

All documents shall be executed before the date of performance. No back dated documents are authorized except as provided under emergency situations. (See Department Operations Manual (DOM) § 22040.5.)

All contracts must contain the following information:

- An accurate identification of the parties.
- A complete scope of the work, service, or product to be performed, rendered or provided.
- A clear statement of the basis of payment and the maximum amount to be paid.
- The period of time for performance or completion of the contract, including beginning and ending dates.
- Restrictions on payment of mileage, per diem, and transportation governed by the Department of Personnel Administration (DPA) regulations for non-represented State employees or University of California for contracts with California State higher education institutions.

- Legal clauses, language, or formats when applicable for specific classes of contracts; e.g., public works, consultant, personal services, etc.
- Signature by a person for each party who is authorized to bind that party.

22040.11 Term of Contract

Contracts for services should normally not exceed two years, unless there is statutory authority for a longer term or a substantial written justification demonstrates a business need for a longer term.

Contracts for more than one fiscal or calendar year shall be bid on a multi-year basis; that is, a two-year contract shall include a total dollar amount for the two years which is not subject to year-to-year increases or negotiation.

Contracts bid or written on a multi-year basis to secure a rate/cost for the entire period of the contract shall have a termination clause for the State only.

22040.12 Execution of Contract

A fully executed contract shall have original signatures of the contractor, the CMB manager, DGS, or other approving authority. Contracts must also be approved and released within the SAP program.

Under no circumstances can a contractor commence services before a fully approved and executed contract is received by the contractor. However, under an emergency situation work may begin without an executed contract if the contract has been verbally authorized by someone with Department authority to authorize the initiation of an emergency contract. (See DOM § 22040.5)

Backdating of a contract is prohibited.

The risks associated with a contractor commencing services without an executed contract include:

- Inability of the State to hold the contractor accountable for poor, insufficient, or incomplete work;
- Inability to pay the contractor for work performed;
- A possible 15 percent penalty fee of the total costs of claims filed against the Department with the Victims Compensation Government Claims Board added to the total cost of the claim and charged to the program; and-
- Potential loss of qualified contractors for future work.

22040.13 Payments

Provisions for payment shall be clearly defined in the contract.

Advance Payments During Contracts

Advance payments are allowed only to community-based, private, non-profit agencies, and to public agencies. If an advance payment is essential for the effective implementation of a program and funds are available, an advance may be granted. The program and or contractor may request that the contract be written to allow advance payment.

Determining Need

Program and contract staff shall jointly determine the need for advance payment based upon a review of the contractor's most recent financial statements, budget, and audit report by an independent accountant or other comparable financial information.

The determination shall be based on the following factors:

- The percentage of the contractor's total operating budget to be funded by the contract.
- The extent to which the contractor is dependent upon voluntary contributions from individuals.
- The extent to which the contractor receives financial support from other governmental organizations, private commercial firms, and fund-raising organizations, such as United Way.
- The ability of the contractor to repay the advance from other income.

Proof of Non-Profit Corporation Status

The contract with a community-based, private, non-profit agency shall provide that the agency submit proof of non-profit corporate status to the Department before advance payment is made.

This proof shall be reviewed by the CMB staff and be retained in the contract file.

Granting Advance Payments

Advance payments to a community-based, private, non-profit agency may be granted by the Department for contracts of \$400,000 or less; for contracts over \$400,000, an advance may be granted only with prior DOF approval.

Advance payments may also be granted to any "Public Agency" and shall be repaid in accordance with the provisions of the contract.

"Public Agency" includes any State or federal agency, county, city, or public district of the State of California.

Fidelity Bond

The contract shall include a requirement that the agency and its representatives who, in any way, handle financial transactions related to the receipt or disbursement of funds provided by the contract shall be covered by a fidelity bond equal to at least 50 percent of the total amount of the contract.

22040.14 Contracting Parties

Type of entity shall be clearly defined (partnership, corporation, etc.). Full name of contractor and contractor's business address shall be included in all contracts.

22040.15 Termination Clause

A termination clause allowing the Department to terminate the contract with a 30-day written notice to the contractor shall be included in all contracts. A 30-day termination clause may be included in public works contracts if it is considered to be in the best interest of the State.

22040.16 Additional Considerations:

Travel or Per Diem

Travel expenses and per diem rates for contracts with consultant services, legal services or a cost reimbursement budget shall be set at the rate specified by the DPA for similar employees or verification supplied that such rates are not available to the contractor.

Consultant Contract

A consultant cannot commence services before a fully approved and executed contract is received by the consultant. The exception is an emergency, as determined by the Department, where the use of contracted services appears to be reasonably necessary but time did not permit the obtaining of prior formal approval of the contract.

Backdating of a contract is prohibited.

Contract/Contractor Evaluation (STD. 4)

Upon completion of a consultant contract, the responsible program shall prepare the STD. 4, and submit it to CMB within 60 days of the expiration date of the contract. The CMB shall forward the STD. 4 to the DGS.

Progress Reports

All consultant contracts shall provide for a series of progress reports or meetings of at least once a month to allow the Department or program to determine if the consultant's service is meeting the specific problem, administrative requirements, or program needs and is on schedule.

Funds

Each contract shall state that it is subject to the availability of funds.

Local Government

When one of the contracting parties is a county, city, district, or other local public body, the contract shall be accompanied by a copy of the approved resolution, order, motion, or ordinance of the local governing body by law having authority to enter into the proposed contract, approving and authorizing execution of the contract.

The CMB will obtain a copy of the resolution, order, motion, or ordinance on behalf of the Department.

Responsible programs shall consider the time involved in obtaining the resolution when planning their contract start date.

Departmentally Authorized Signature

A Legal Office Form (LO) 33, Signature Authority Card, shall be submitted in triplicate and forwarded to the CMB. After approval and signature of the OBS Deputy Director or designee, the completed card is distributed as follows:

- The requesting program
- CMB
- Claims Audit, State Controller's Office (SCO)

22040.17 Distribution of Contracts

The CMB shall mail an original copy of the contract to the contractor. When contracts are approved and are ready for distribution, notification shall be made to the requesting program, headquarter or regional accounting office, and the SCO. The executed contract is also placed in SAP for the headquarter or regional accounting office to retrieve. If a contract has been approved by DGS they will provide a copy of the contract to the SCO.

22040.18 Developing a Contract Budget

All contracts shall contain a budget itemizing the expenses involved with the contract.

Basic components of a budget could include:

Personnel Services

- Salaries and benefits of the staff involved with the contract performance

Operating Costs

- Postage
- Printing
- Travel
- Office supplies

Reimbursable Costs

- Bookkeeping services
- Computer services
- Training consultants

When the contractor submits a budget for contracts not required to be bid or for amendments, program staff shall verify the line item amounts in each component to ensure the total budget does not exceed the specified contract amount.

22040.19 Consultant Progress Payments in Contracts

Progress payments authorized within a consultant contract shall comply with the provisions of PCC § 10346.

When progress payments are authorized, not less than 10 percent of the contract amount shall be withheld pending final completion of the contract. However, if the contract consists of the performance of separate and distinct tasks, then any funds withheld with regard to a particular task may be paid upon completion of that task.

22040.20 Small Business Preference in Contracts

The small business preference applies for competitive solicitations regardless of the solicitation format or dollar value with few exceptions. The exemptions to the Small Business (SB) preference are Interagency Agreements, contracts or purchases with any government agency (including cities, towns, colleges, universities, etc.), federally funded contracts, and Joint Power Agreements. The SB participation goal has been established for all contracts by Executive Order S-02-06. It is the commitment of the Department to provide SBs with the opportunity to participate to the maximum extent feasible in the performance of contracts and subcontracts.

22040.21 Disabled Veterans Business Enterprise Participation Requirements

The CDCR is committed to achieving the legislatively established goal for the participation of disabled veteran-owned businesses in procurement and contracts to the fullest extent possible. The CDCR may establish Disabled Veterans Business Enterprise (DVBE) participation requirements on individual contracts.

The DVBE program policies and procedures seek to achieve the established statewide annual minimum goal in the performance of contracts. All managers, procurement officers, and contract officers are responsible for implementing those policies and shall exert maximum efforts to successfully achieve the legislatively established DVBE goal.

22040.22 Termination of Contracts

The State may terminate a contract for any reason other than failure to perform services as long as the 30-day termination clause is included in the contract language. A notice of termination shall be written to the contractor giving at least 30 days notice by the CMB.

Failure to Perform

Termination for failure to perform services specified in the contract may occur immediately under the provisions of the contract. Prior to termination, the contractor shall be given a reasonable amount of time in which to improve the services. After a written notice to improve is given and services have not improved, the contract may be immediately terminated.

The CMB contract analyst will process all contract terminations. Copies of any prior correspondence to the contractor shall be forwarded to the CMB. The written notice of termination shall indicate the specific provisions that were not adhered to.

22040.23 Competitive Bidding (Non-Public Works)

To the greatest extent possible, engage in competitive bidding.

At least three competitive bids or proposals shall be secured on all contracts except those specifically exempted in GC § 14825 and PCC § 10348. Exceptions to a minimum of three bids are listed in SCM § 5.08A and SCM § 5.10B.

All bids/proposals received and all related correspondence and documents shall accompany the contract for final approval.

22040.24 Revisions

The Deputy Director, Business Services or designee shall be responsible for ensuring that the contents of this Article are kept current and accurate.

22040.25 References

SAM §§ 1200, 1208, and 1216 et seq.

PCC §§ 1102, 10122, 10333, 10335, 10340, 10346, 10348, 10351, 10352, and 10371

PC § 7000, et seq.

GC § 14825

SCM §§ 2.05, 2.06, 2.06D, 2.07, 3.02, 3.07, 3.09, 3.10, 3.11, 3.12, 3.17.2, 4.05, 4.10, 5.08, 5.08A, 5.10B, 5.60, 5.75, 5.80B2, 6.00, 7.15, 7.25, 7.30, 7.32, 7.40, 7.80, 7.85, and 9.12

ARTICLE 14 — FIELD OFFICES

Effective January 18, 1990

22050.1 Policy

The Department shall enter into leases for field offices in a manner which focuses on the greatest accessibility to service the public and client population with the least hardship on staff and community while adhering to budget constraints.

22050.2 Purpose

This section describes the process involved to lease, relocate or equip any field office of the Department that is not geographically located within Headquarters space.

- This section shall use a parole field unit as an example to illustrate the step-by-step acquisition process and subsequent operational requirements.

22050.3 Definition

The term "field office," for purposes of this section, is synonymous with and shall include any divisional unit, subunit, office, suboffice, or annex identified on the departmental organization chart, and that is physically located in another building, warehouse or trailer outside of the headquarters building and institution property.

22050.4 Establishing Need for New Field Office Space

The need for expansion or relocation is based on criteria specific to the type of office affected. For instance, the need for new parole field offices is based on OBIS parole population projections broken down by counties and on local information about client population collected by unit supervisors. Expansion needs for a parole unit is also directly related to the creation/proposed creation of new staff positions to manage client population increase.

22050.5 Acquisition Process

The process involved in the acquisition of new or additional field office space is the same for all Department programs and are as follows:

The compiled information supporting the need for expansion must be submitted to the BSS by the divisional head. In the case of paroles, the RPA submits the request and supporting materials to the Department's Business Services Unit by the Deputy Director, P&CSD, who signs the memo giving approval or rejects the request.

Request

The written request shall contain the following information based on a two-year projection:

- Justification for acquiring a new location.
- Geographic boundaries within which the proposed office is to be located.
- Staff, equipment, and other special requirements.
- All other pertinent data ensuring compliance with departmental and local community needs and ordinances.

Area

The Business Services Officer assigned to the area/region of the proposed office site shall prepare the following:

- A Standard (STD) Form 9, Space Action Request.
- A General Services (GS) Form 4083, Space Planning Data Chart which contains staffing proposals and other office necessities.

The Assistant Deputy Director, Financial Management and Support Services, approves or disapproves the STD Form 9. If approved, Business Services shall submit along with the STD Form 9, the GS Form 4083 to Office of Real Estate and Design Services (OREDS) for:

- Review.
- Advertising.
- Site search.
- Lease Negotiation.
- Lease Preparation.

Revised August 10, 2002

- Physical layout of space.

22050.6 Furniture and Equipment

The following actions initiate furniture and equipment procurement:

- Upon completion of lease preparation, OREDS prepares a Lease Project Memorandum (OREDS Form 6) and sends it by Business Services to the Assistant Director, Financial Management and Support Services for review and approval.
- Business Services shall mail an informational copy of the OREDS Form 6 to the division's Support Services Unit.
- The staff services analyst of the affected region shall immediately prepare a request for equipment (STD Form 5), and send it by divisional headquarters to Business Services for processing.
- At this time, Business Services shall also complete a request for telephone services (STD Form 20), security systems, and moving services.

DOM 22030, Materials Management, discusses furniture/equipment procurement in detail.

22050.7 Site Selection

Appropriate field staff shall participate in the inspection of the proposed office sites and indicate their preference, and reasons for rejecting the other sites. Final site selection shall be determined by OREDS and the Department based on:

- Cost factors.
- Accessibility to public and client population.
- Other relevant factors (e.g., proximity to law enforcement, ventilation, location of emergency evacuation routes, etc.).

22050.8 Lease Finalized

OREDS shall send a lease agreement to the lessor and, upon receipt of the signed lease, forward a copy to the Departments BSS. Business Services, if so requested, shall forward a copy of the lease to the affected region.

After alterations to conform the acquired space to Department's requirements are completed, a final walk-through is conducted by OREDS, Business Services, and the appropriate field staff.

22050.9 Occupation Process

Business Services shall arrange for the mover as follows:

- If there is a state master agreement with a specific mover in the area of the new office location, the Business Services Unit shall follow the procedures outlined in that agreement.
- If there is no state master agreement and the move will cost \$500 or more, the move must be advertised in the State Contracts Register. The Business Services officer shall be responsible for preparation of the bid package and submitting the contract request to the Departments Contract Services Unit.
- If the move will cost less than \$500, the Business Services Unit shall call three local movers to have them submit bids and then shall select the lowest price quoted.

DOM 22040 describes contracting procedures in detail.

22050.10 Requesting Additional Office Space for Existing Offices

When there is a need for additional space for an existing field office, the process followed to obtain such additional space shall be the same as that used to obtain a new field office location.

22050.11 Emergency Acquisition of Office Space

If an extreme emergency exists that necessitates acquiring temporary rental space expeditiously, Business Services shall examine various options to satisfy immediate needs on a case-by-case basis.

If this new space is not to be located within a state owned building, the process of emergency acquisition shall take at least 60 working days to allow for the notification of appropriate local officials (mayor, city clerk, county board of supervisors, senator, assembly member and the LLO) pursuant to the requirements of Administrative Bulletin 647, Chapter 812 (September 1987).

22050.12 Revisions

The Deputy Director, ASD, or designee, shall ensure that the content of this section is accurate and current.

22050.13 References

GC §§ 13070; 14681.5; 14615; 14825; 14616.

PCC § 10295.

PC Chapter 9.5.

22060.1 Policy

The California Department of Corrections and Rehabilitation (CDCR) shall secure the services of private architectural, engineering, and other firms, as defined in Section 4525 (a) of the Government Code, on the basis of:

- Demonstrated competence.
- Professional qualifications necessary for the satisfactory performance of the service required.

22060.2 Purpose

This Article incorporates the requirements for selecting the services of architectural, engineering, and other firms as defined in Section 4525 (a) of the Government Code.

22060.3 Responsibility

CDCR's Contracts Management Branch shall provide functional direction for the selection of firms (defined below) pursuant to this Article.

22060.4 Definitions

Firm

Any individual, firm, partnership, corporation, association, or other legal entity permitted by law to practice the profession of architecture, landscape architecture, engineering, environmental services, land surveying, or construction project management.

Small Business Firm

A business in which the principal office is located in California and the officers of such business are domiciled in California, which is independently owned and operated and which is not dominant in its field of operation.

The maximum dollar volume that a small business may generate shall vary from industry to industry to the extent necessary to reflect differing characteristics of such industries.

State Agency Head

For the purpose of this Article, the State Agency Head is the Secretary of the CDCR or his/her designee.

Architectural, Landscape Architectural, Engineering, Environmental, and Land Surveying Services

Professional services of an architectural, landscape architectural, engineering, environmental, or land surveying nature, as well as incidental services that members of these professions and those in their employ may logically or justifiably perform, are the primary consulting services spoken to in this Article.

Construction Project Management

Those services provided by a licensed architect, registered engineer, or licensed general contractor who meet the requirements of Government Code Section 4529.5 for management and supervision of work performed on State construction projects.

Environmental Services

Those services performed in connection with project development and permit processing in order to comply with federal and State environmental laws. "Environmental services" also includes the processing and awarding of claims pursuant to Chapter 6.75 (commencing with Section 25299.10) of Division 20 of the Health and Safety Code.

22060.5 Notice of Announcement

Where services subject to this Article are identified as being required, the Secretary or designee shall make a statewide notice of announcement as follows:

- The announcement shall be advertised in two major California daily newspapers.
- The announcement shall be placed in the California State Contracts Register and shall include information as identified in Section 14825.1, Government Code.
- The announcement shall be published in respective professional societies publications.

All announcements in professional societies or newspapers shall contain the following minimal information:

- The nature of the work.
- The criteria upon which the selection of a firm shall be made.
- The time frame within which statements of interest, qualification, and performance data shall be received.

Failure of the professional societies or newspapers to publish the notice of announcement shall not operate to invalidate any contract.

Firms selected may be retained for multiple years to complete the service.

22060.6 Established Criteria

The Secretary or designee shall establish criteria, which will comprise the basis for selection, which shall include such factors as:

- Professional excellence.
- Demonstrated competence.
- Specialized experience of the firm.
- Education and experience of key personnel.
- Specialized staff capability.
- Workload.
- Ability of the firm to meet schedules and budgets.
- Principals to be assigned by the firm.
- Nature and quality of completed work by the firm.
- Reliability and continuity of the firm.
- Location.
- Professional awards received by the firm.
- Other relevant considerations.

The Secretary or designee shall weigh such factors according to the nature of the work to be performed, the needs of the state, and complexity and special requirement of the specific work.

22060.7 Selection of Architects or Engineers

After expiration of the period stated in the publications, the Secretary or designee shall evaluate statements of qualifications and performance data submitted by interested firms and on file in the Department. The Secretary or designee shall conduct discussions with no less than three firms regarding anticipated concepts and the relative utility of alternative methods of approach for furnishing the required service. From the firms with which the Secretary or designee holds discussions, the Secretary or designee shall select no less than three, in order of preference, based upon the established criteria, whom the Secretary or designee deems to be the most highly qualified to provide the services required. In the event there are fewer than three qualifying submittals, the Secretary or designee will make a finding as to whether it is in the best interest of the State to proceed or re-advertise.

22060.8 Estimate of Value of Service

Before any discussion with any firm concerning fees, the Secretary or designee shall cause an estimate of the value of such services to be prepared. Such estimate shall be, and shall remain, confidential until the award of contract or abandonment of any further procedure for the services to which it relates.

22060.9 Negotiation

The Secretary or designee shall attempt to negotiate a contract with the best-qualified firm. Should the Secretary or designee be unable to negotiate a satisfactory contract with the firm considered to be the most qualified at fair and reasonable compensation, negotiations with that firm shall be terminated. The Secretary or designee shall then undertake negotiations with the second most qualified firm. Failing accord, negotiations shall be terminated. The Secretary or designee shall then undertake negotiations with the third most qualified firm. Failing accord, negotiations shall be terminated. Should the Secretary or designee be unable to negotiate a satisfactory contract with any of the selected firms, the Secretary or designee may select additional firms in order of their competence and qualifications and continue negotiations in the manner prescribed until an agreement is reached.

22060.10 Amendments

In instances where the State effects a necessary change in the work during the course of performance of the contract, the firm's compensation may be adjusted by mutual written agreement in a reasonable amount where the amount of work to be performed by the firm is changed from that which existed previously in the contemplation of the parties.

22060.11 Contracting in Phases

Should the Secretary or designee determine that it is necessary or desirable to have the work performed in phases, it will not be necessary to negotiate the total contract price in the initial instance. This is provided that the Secretary or designee shall have determined that the firm is best qualified to perform the work at a reasonable cost. Also the contract shall contain provisions that the State, at its option, may utilize the firm for other phases and the firm will accept a fair and reasonable price for subsequent phases to be later negotiated, mutually-agreed upon, and reflected in a subsequent written instrument. The procedure, with regard to estimates and negotiation shall otherwise be applicable.

22060.12 Small Business Participants

The Secretary or designee shall endeavor to provide to all small business firms who have indicated an interest in receiving such, a copy of each announcement for services for which the Secretary or designee concludes that small business firms could be especially qualified. The Secretary or designee shall assist firms in attempting to qualify for small business status. A failure of the Secretary or designee to send a copy of an announcement to any firm shall not operate to invalidate any contract.

22060.13 Applicability of this Article

This Article shall not apply where the Secretary or designee determines that:

- The services needed are more of a technical nature.
- The services needed involve little professional judgment.
- Requiring bids would be in the public interest.

22060.14 Revisions

The Deputy Director, Office of Fiscal Services, or designee shall be responsible for ensuring that the contents of this Article are kept current and accurate.

22060.15 References

CCR (15) (3) §§ 3454 – 3464.

PC §§ 5054, 5058, and 7000.

GC §§ 4525 – 4529.5 and 14825.1.

Health & Safety Code §§ Division 20 §§ Chapter 6.75 (commencing with Section 25299.10).

ARTICLE 16 — EMPLOYEE PERSONAL PROPERTY

Revised – April 25, 2001

22070.1 Policy

The Government Code (GC) and Department of Personnel Administration (DPA) Rules provide for reimbursement/replacement of personal property that is damaged or stolen in the course of employment.

22070.2 Purpose

This Article outlines the process to be used by employees for obtaining reimbursement or replacement of personal property. If any content conflicts with bargaining unit agreements, the Memorandum of Understanding prevails.

22070.3 General Information

The California Department of Corrections and Rehabilitation (CDCR) is authorized to pay for the repair or replacement of damaged or stolen personal property worn or used by an employee in the course of employment. Personal property may include:

- Eye glasses.
- Dentures.
- Watches.
- Hearing aids.
- Prostheses.
- Clothing.
- Uniforms.
- Uniform items.
- Tools. (If written approval has been obtained from immediate supervisor.)

Personal property brought to the work place, which is not required for employment, shall not be considered a responsibility of CDCR or the State. These items may include:

- Clocks.
- Radios.
- Calculators.
- Desk sets.
- Pictures.
- Jewelry, other than watches.
- Sunglasses.

Damage that is a result of normal wear during the course of duty is not compensable by the State.

Employees shall provide their supervisor with an inventory of all approved personal property used on the job.

In the event of stolen property, the CDCR shall decide between reimbursement or replacement; however, the employee's preference shall be considered in this decision.

22070.4 Preparation of Claims

Pursuant to the California Board of Victim Compensation and Government Claims (VCGCB) claims authorization process, claims for repair or replacement of personal property, whether damaged or stolen, valued at less than \$300 shall be settled by/within each institution in the case of institutional employees, and through Office of Fiscal Services (OFS) for those involving any other employee. Claims shall be submitted using CDC Form 892, Employee Claim for Loss or Damage to Personal Property.

Claims in excess of \$300 must be submitted to the VCGCB for approval. Additionally, claims involving stolen property valued in excess of \$500 must also be approved by the DPA prior to being submitted to the VCGCB. (See DOM 22070.6 for further details.)

All claims involving stolen property shall be accompanied by an official incident or investigative report of the theft.

Each employee's claim shall include:

- The official report describing the incident which caused the damage or circumstances of the theft.
- Bill for repairs or, if damage is irreparable, the reasons it cannot be repaired and evidence of item's value at time of damage.
- In event of theft, a statement indicating that the value of property was verified by inspection of sales records, price lists, etc.
- Certification that:
 - Item was required by employment.
 - Loss or damage occurred at work site, work base, or en route between the two locations.
 - Loss or damage was not a result of carelessness or negligence.

22070.5 Supervisor's Review of Claims

The dollar amount of each claim shall determine the process by which reimbursement/replacement is obtained.

Approval of claims at the supervisor's level shall provide:

- Confirmation of employee's statement.
- Recommendation of reimbursement or replacement.
- Measures taken to prevent recurrence of such incidents.

22070.6 Submission of Claims

Claims under \$300 (institution employees):

- The employee submits CDC Form 892 and accompanying documents through the supervisor to the institution business office.
- The Warden or designee approves/disapproves the claim and if approved, forwards to accounting office for filing in claims schedule.
- If determination is for reimbursement, accounting office submits the claim to the State Controller's Office (SCO) for audit and issuance of payment.
- If disapproved, the claim shall be returned to the employee by the Warden or designee.

Claims under \$300 (administration or field office employees).

- The employee submits CDC Form 892 and accompanying documents by supervisor and appropriate deputy/associate Director, to the Deputy Director, OFS for approval or disapproval.
- The Deputy Director, OFS or designee approves/disapproves claim, and if approved, forwards it to Headquarters Accounting Office for appropriate disposition, and in turn to SCO for audit and disbursement.
- If disapproved, the Deputy Director, OFS shall return the claim to the employee.

Claims of \$300 and above (all employees):

- The employee submits CDC Form 892 and accompanying documents through chain of command to the Deputy Director, OFS.
- If approved, the Deputy Director, OFS, or designee shall forward the claim to the VCGCB for claims in excess of \$300, as well as to the DPA for stolen property claims in excess of \$500 for final approval/disapproval.
- When approved by the VCGCB/DPA, the claim shall be returned to the Deputy Director, OFS where it shall then be forwarded to

the SCO by Headquarters Accounting Office for subsequent reimbursement.

Any claims that have been denied during this process may be resubmitted by the employee to the VCGCB for further determination/consideration. If denied at this level, the last avenue of appeal is through civil action.

22070.7 Revisions

The Deputy Director, OFS, or designee shall ensure that the contents of this Article are current.

22070.8 References

GC §§ 935.6(a), 19849.8 and 19850.6.

SAM § 8423.

DPA Rule 599.725.

ACA Standards 2-2030, 2-3082, 2-4065.

ARTICLE 17 — EVALUATIONS AND FISCAL CONTROL AUDITS

Revised February 1, 1993

22080.1 Policy

The Program Compliance Evaluation and Internal Audit Units shall review departmental operations for compliance with departmental and State policies, procedures, directives, regulations, and statutory requirements in order to enhance the effectiveness of departmental operations by providing to The Director, Executive Staff, and field managers current information for effective planning and decision-making.

22080.2 Purpose

This section establishes requirements for program compliance evaluations and for fiscal compliance and internal control audits.

22080.3 Responsibility— PFAB

PFAB shall assist the Director and other departmental executives with increasing the effectiveness of management by systematically reviewing departmental activities to provide recommendations for improvements. The reviews shall determine:

- Compliance with existing laws, rules, court and legislative mandates, regulations, directives, standards, and policies.
- The reliability and integrity of information.
- Efficient and effective use is made of resources.
- The safeguarding of State assets.
- The accomplishment of established objectives and goals for operations or programs.

22080.4 Responsibility— Inmate Appeals

Inmate Appeals, headquarters, shall notify the Chief, PFAB of all third-level appeals ruled in favor of the inmate and of repetitive noncompliance detected through the inmate appeal process.

22080.5 Responsibility— Wardens/RPAs

The incumbents shall ensure the monitoring of all fiscal transactions by implementing ongoing reviews and audit evaluations of same within their facilities and parole regions.

22080.6 Reports

The reviews conducted by PFAB shall provide management with reports regarding the levels of operational compliance with departmental and State directives, internal monitoring methodology, actions taken to correct deficiencies, and assessments of current operational and program status.

22080.7 Evaluation Function

The evaluation function provides a means of:

- Improving management of the facilities and headquarters through systematic operational compliance reviews and data collection which:
 - Provides for early identification of operational problem areas with recommendations for solution.
 - Coordinates departmentwide resolution of problems.
 - Increases communication between departmental managers at all levels.
 - Ensures consistent compliance with, and adherence to, operational application of goals and the philosophy of the Department.
- Systematically reporting and recording information regarding the activities of the Department by:
 - Biennial evaluations and appropriate follow-up of each of the Department's operational units.
 - Special reviews of identified or potential problem areas initiated by direction of Executive Staff or request of field managers.

- Periodic reviews of operational areas to evaluate the effectiveness of specific changes in policy, procedures, and/or regulations for the purpose of problem-solving and determining if improvements may be made.
- Management and dissemination of collected data regarding identified operational or noncompliance areas.

22080.8 Annual Work Plan

PFAB shall establish an Annual Work Plan (AWP) for:

- Conducting program compliance evaluations of headquarters and field operations.
- Conducting postevaluation progress reviews as required to evaluate implementation of corrective actions on identified deficiencies.
- Monitoring compliance with specific court-imposed mandates.
- Conducting departmental administrator-requested special reviews.
- Conducting preaudits of ACA Standards for Adult Institutions to enable preparation for the accreditation audits conducted by the Commission on Accreditation for Corrections (CAC).
- Conducting internal and fiscal compliance audits which ensure compliance with the Financial Integrity and State Manager's Accountability Act of 1983.

22080.8.1 Approval and Review

The AWP shall be prepared and distributed by PFAB to Executive Staff for review and comment. Upon resolution of any Executive Staff concerns, it shall be submitted to the Assistant Director, OOC (EC&ISD) by each October 1 for approval.

22080.8.2 Definitions

The following definitions apply to the reviews by PFAB:

Evaluation Scope.

Delineation of the procedures, programs, operations, and activities that shall be reviewed.

Evaluation Liaison.

A staff person designated at each review location to serve as liaison between the local and review team staff, and to facilitate the team's review by expediting information-gathering and access to documents and records.

Evaluation Worksheet.

A checklist noting all the departmental requirements related to the review scope which serves as the source document for the review findings report. PFAB shall update the review worksheets to ensure that they reflect current law, policy, and procedure.

Action Plan.

A formal written plan submitted by the administrator responsible for detailing proposed actions to correct any deficiencies noted in the evaluation findings. Action plans shall:

- Fix the responsibilities and specify the actions to be taken for correcting deficiencies.
- Establish the time limits within which corrective actions shall be completed.

22080.9 Program Compliance Evaluations

PFAB shall schedule on-site program compliance evaluations for headquarters divisions and field units no less than once during each two-year period. The evaluation scope, methodology, and frequency shall consider the technical resources from other divisions with functional responsibility for specific operations, which may be used to assist with the evaluation. The schedule shall note additional staff resources with specific technical expertise which may be necessary to assist PFAB staff.

22080.9.1 Advance Notice

Each headquarters division and field unit shall be notified in advance of the schedule for program compliance evaluations. The notice shall include a copy of the evaluation worksheets to be used. If a scheduled evaluation date conflicts with an exceptional activity or event, the head administrator may request rescheduling of the review.

22080.9.2 Entry Interview

An entry interview shall be held with the responsible administrators prior to beginning the evaluation to discuss the scope, method, and to identify local resources required to assist with the evaluation. At this time a staff person shall be designated to serve as liaison between the headquarters division/field unit and the evaluation team.

22080.9.3 Evaluation Coverage

The program compliance evaluation shall cover all operations governed by departmental policies, procedures, and regulations, and shall consist of:

- Comparing local supplemental procedures to the appropriate departmental policies, procedures, regulations, and directives.
- Comparing local operational practices with the written procedures governing the operations.
- Using the evaluation worksheets to carry out the evaluation plan. These worksheets list departmental policies, procedures, and regulations which govern headquarters and field operations.
- Evaluating any operational areas not governed by facility procedures, but identified by departmental administrators as being of specific concern.
- Inspecting the physical plant with respect to fire/life safety and sanitation with an emphasis on actions which have been taken to correct deficiencies cited in the most recent State Fire Marshal Report and Environmental Health Survey.
- Interviewing staff members who administer, manage, supervise, and implement procedures.
- Reviewing documentation and records to verify past and current practices.
- Directly observing operational practices.

22080.9.4 Exit Interview

At the conclusion of each evaluation, an exit interview shall be conducted with the local administrators to discuss the evaluation findings and provide them with a rough copy of the completed evaluation worksheets.

22080.9.5 Formal Report

Within three weeks, a formal report of the evaluation findings and recommendations shall be prepared in draft form and forwarded to the responsible division head and local administration for review and comment. The administrator shall respond within four weeks after receipt of the formal draft report by submitting a Plan of Action for correcting any deficiencies noted and discussion of any findings considered to be in error.

22080.9.6 Rebuttal of Findings

The rebuttal of findings and/or proposed action plans shall be reviewed and approved by the appropriate Deputy Director or Assistant Director in consultation with PFAB and/or Assistant Director, OOC. PFAB shall be consulted on any rebuttals. The appropriate Deputy Director or Assistant Director shall make any necessary changes to the Action Plan and shall forward the plan to PFAB within one week of receiving it. The Deputy Director or Assistant Director shall provide a summary of the Action Plan package with an approval block for approval by the Director or Chief Deputy Director.

22080.9.7 Final Report

PFAB shall within two weeks of receipt of the Action Plan from the responsible division, combine the draft report, the related responses, and the Action Plan, and shall prepare a final report for submittal to the Assistant Director, OOC.

The Assistant Director, OOC, shall within two weeks forward the final report to the Director/Chief Deputy Director for approval. Rebuttals not resolved by the division shall be brought to the attention of the Director/Chief Deputy Director at that time for final decision.

22080.9.8 Distribution

Upon approval, copies shall be distributed to all of the following:

- YACA.
- Responsible Deputy Director or Assistant Director.
- Local administrator.
- LAD-PMU for retention in the Department's policy files.

22080.9.9 Emergency Situations

If during the course of an evaluation findings indicate an emergency situation, it shall be immediately reported to:

- Assistant Director, OOC.
- Local administrator.
- Responsible Deputy Director or Assistant Director.

22080.9.10 Progress Reviews

A progress review of corrective actions shall be scheduled approximately 90 days after approval of the Action Plan by the Director/Chief Deputy Director, unless another interval is appropriate in a unique situation. Progress reviews shall follow the same process as the program compliance evaluation but shall be limited to operations which required corrective action. The approved Action Plan shall be the reference document for the progress review.

22080.10 Annual Summary of Significant Non-compliances

By the close of the fiscal year, PFAB shall provide to the Director, Chief Deputy Director, and appropriate Deputy Directors and Assistant Directors, a summary of significant noncompliances which occurred at more than one location.

22080.11 Court Compliance Evaluations

Court compliance evaluations shall be scheduled to ensure that court mandates are met. Court compliance evaluations shall follow the same process as program compliance evaluations except that:

- The on-site evaluations shall compare the local operations with the requirements imposed by court order, injunction, settlement agreement, or other court mandate.
- Action plans to correct deficiencies noted in the findings shall be submitted by the field unit to the appropriate Deputy Director or Assistant Director, and to PFAB within two weeks following the exit interview and receipt of the rough completed evaluation worksheets. Any disagreements or clarifications of action plans shall be resolved by the Deputy Director/Assistant Director and PFAB and/or Assistant Director, OOC, during this time.
- The review worksheets and resulting Action Plan shall be incorporated into a final report by PFAB and submitted to the Assistant Director, OOC, within two weeks after receipt of the Action Plan from the facility.
- The Assistant Director, OOC, shall then forward the report within one week to the Director/Chief Deputy Director for approval.
 - Rebuttals not resolved by the division shall be brought to the attention of the Director/Chief Deputy Director at this time for final decision.
- Upon approval, copies shall be distributed to YACA; the responsible Deputy Director or Assistant Director; the local administrator; and to applicable court monitors.

22080.12 Special Reviews

Special reviews shall be scheduled as directed by the Assistant Director, OOC. Special reviews shall follow the same process as program compliance evaluations except that:

- The formal report shall be submitted by the Assistant Director, OOC, to the requesting administrator and to the Director/Chief Deputy Director.
- Formal notice of special review dates may not be practical depending on the nature and urgency of the review. Exceptions to the standard times shall be discussed in the final reports.

22080.13 ACA Preaudits

ACA preaudits shall be scheduled prior to an audit by the CAC to assist the facilities with preparation for the accreditation audit. ACA preaudits shall simulate the CAC's audit plan.

Preaudits shall be conducted using the same process as program compliance evaluations except that the on-site reviews shall compare the local operations with the ACA Standards for Adult Institutions.

22080.14 Fiscal Compliance and Internal Control Audits

These audits shall be conducted in accordance with the SAM, Chapter 20000 to ensure all of the following:

- Reliability and integrity of information.
- Compliance with policies, plans, procedures, laws, and regulations.
- The safeguarding of assets.
- Economical and efficient use of resources.
- The accomplishment of established objectives and goals for operations or programs.

They shall follow the same process as the program compliance evaluations except that on-site reviews shall compare the local operations with the requirements of the Audit Guide for the Evaluation of Systems of Internal Control prepared by the DOF.

22080.15 Requesting Exemptions From Certain Internal Control Procedures

Responsibility

As stated in SAM 8080, the Financial Integrity and State Manager's Accountability Act of 1983 (GC 13400 through 13407) requires that the head of each State agency shall establish and maintain an adequate system of internal control within their agency.

The DOF is no longer responsible for granting exemptions from internal control procedures.

Accounting Systems Section

It is the policy of the CDC to delegate this responsibility to the Accounting Systems Section which oversees the Department's accounting systems and procedures.

Facility Accounting Office

Each facility accounting office shall establish and maintain, in accordance with SAM procedures, a system of internal control which is adequate to safeguard assets, provide reliable data, promote operational efficiency, and encourage adherence to prescribed policies.

In the event a certain internal control procedure cannot be properly implemented, an exemption can be requested from the Accounting Systems Section. Such a request shall be submitted in writing with a description of the internal control procedure at issue and why this procedure cannot be properly implemented. This request shall also include a complete description of the proposed alternative procedure and how the alternative procedure adequately meets the internal control objectives.

The requests for exemption from internal control procedures shall be addressed to:

Department
Accounting Systems Section, Room 211-S
P.O. Box 942883 Sacramento, CA 94283-0001

Alternative procedures shall not be implemented until written approval from the Accounting Systems Section is received.

22080.16 Revisions

The Assistant Director, OOC, or designee shall be responsible for ensuring that the contents of this section are kept current and accurate.

22080.17 References

PC § 5057.

GC §§ 1330 and 13400 – 13407.

SAM Chapter 20000.

Financial Integrity and State Manager's Accountability Act of 1983.

ACA Standards for Adult Institutions.

Audit Guide for the Evaluation of Systems of Internal Control prepared by the DOF.

ARTICLE 18 — FISCAL AND ADMINISTRATIVE REVIEWS

Revised November 8, 1993

22090.1 Policy of Audit Unit

Conduct selected reviews of expenditures and reimbursements, as well as compliance with contracts and/or Department' guidelines.

22090.2 Purpose of Audit Unit

This section outlines the process used by the Audit Services Section in reviewing, evaluating, and documenting fiscal operations of selected public and private providers under contract with the Department.

22090.3 Responsibility of Audit Unit

The audit unit shall review and evaluate selected fiscal operations of other government agencies and the profit and nonprofit organizations who have contracted or provided services to the Department. The purpose of this review is to verify compliance with State and departmental rules, laws, and regulations related to specific areas being reviewed.

22090.4 Objectives of Audit Unit

The audit unit's objectives include:

- Verify the contractor's or local government's fiscal compliance with the terms and conditions selected for review in the contract.
- Verify that all questioned costs are carried through to a final resolution.

22090.5 Contracts Subject to Review by Audit Unit

The following contracts with public or private, profit or nonprofit corporations, or individuals are subject to review:

Construction Management

- Contracts for construction management services.

Work Furlough Program

- Contracts with public or private contractors to provide inmates nearing the completion of their sentences with a means of gradually reintegrating into society.

Community Correctional Facility (CCF)

- Contracts with public or private contractors to provide custody for parolees whose paroles have been revoked at revocation hearings.

Detention Program

- Contracts with public or private contractors to provide custody of State prisoners who may be detained at any time in the county jails.

County Local Assistance Program

- Reimbursement to counties for costs incurred for parolee detention under PC 4016.5.

22090.6 Requests for Audits

Requests for audits to be performed by the Audit Services Section should be submitted in writing to the Chief, Contract and Audit Management Branch. A request should indicate the need for an audit, the desired scope of the audit, what areas and time periods to be audited, and the date when the audit results are needed. A request should be submitted early enough to allow adequate time for the performance of the audit prior to the desired date. After consultation with the appropriate Deputy Director(s) and the Chief of Contract and Audit Management Branch, the Audit Services Section shall establish audit priorities.

22090.7 Resolution of Audits by Audit Unit

Audits shall be resolved as follows:

- A draft report shall be issued to the contractor or city/county for review and comment. The contractor or city/county then has 30 days to submit written comments and/or supply additional source documentation for consideration in the preparation of the final report.
- Upon receipt of the final report, the contractor or city/county has 30 days to make a formal appeal of the findings. The reply shall indicate what action has been taken or intended regarding each finding and recommendation. This reply shall be reviewed by the Administrative Review Committee (ARC) consisting of:
 - Deputy Director, ASD (Chairperson).
 - Deputy Director responsible for the program area covered by the contract.
 - Assistant Director, OOC.
 - Assistant Deputy Director, Financial Management and Support Services.

The ARC's findings shall be the Department's final position on the audit. Should the contractor fail to reply within 30 days, the audit report is considered to have been accepted in full, and the State shall proceed accordingly.

Any reply and/or questions related to the final audit report shall be directed to the office of Financial Management and Support Services in headquarters.

When the ARC's findings result in disallowance, requiring the contractor to repay the State, and payment is not received within 30 days after the committee's findings are issued, the amount involved shall be deleted from future monthly claims until the audit disallowance is fully paid. Nonpayment of an audit disallowance may result in immediate cancellation of the contract and notification to the DGS that the contractor has refused to honor the audit findings, whereupon appropriate action shall be taken to collect the amount due the State.

Contract provisions to settle unresolved disputes are provided in general conditions of the Contract Handbook for construction contracts. Those parties entering into construction contracts shall settle unresolved disputes using independent arbitration prior to litigation. This arbitration shall be conducted in accordance with the PCC 10240 through 10240.13.

22090.8 Revisions

The Deputy Director, ASD, or designee shall be responsible for ensuring that the contents of this section are kept current and accurate.

22090.9 References

GC § 1330.

PC §§ 4016.5 and 5057.

PCC §§ 10240 - 10240.13.

SAM Chapter 20000.

ACA Standards 2-4036, 2-4037, 2-4039 - 2-4042, 2-2026, 2-2027, 2-3075, and 2-3083.

ARTICLE 19 — DVBE PROGRAM FOR SERVICES, COMMODITIES, AND PUBLIC WORKS

Revised March 28, 1999

22100.1 Policy

The California Department of Corrections and Rehabilitation (CDCR) is committed to achieving the legislatively established goal for the participation of disabled veteran-owned businesses in procurement and contracts to the fullest extent possible.

The Disabled Veteran Business Enterprises (DVBE) Program develops policies and procedures to achieve the statewide annual goal of 3 percent in the performance of contracts.

All managers, procurement officers, and contract officers are responsible for implementing the CDCR's DVBE policies and shall exert maximum efforts to successfully achieve the legislatively established DVBE goal.

22100.2 Purpose

Pursuant to Public Contract Code (PCC) Sections 10115, et seq. and the California Code of Regulations (CCR), Title 15, Sections 3000 and 3475, et seq., CDCR policies and procedures have been developed to enable staff to implement and comply with DVBE requirements for services and commodities. These policies and procedures are the means by which the CDCR shall accomplish its objectives to:

- Achieve or exceed the statutory goal of 3 percent DVBE participation.
- Provide DVBE firms the maximum opportunity possible to provide CDCR services and commodities.

For contracts pursuant to statutes that require minority and women business enterprise participation, staff should notify the Centralized Procurement Section (CPS) for policy and procedure requirements.

22100.3 Glossary of Terms

For definitions of contract terms that are not included in this glossary refer to Department Operations Manual (DOM) Section 22040, Contracts.

CERTIFICATION: Refer to the CCR, Title 15, Section 3000.

DEPARTMENTAL CONTRACT REPRESENTATIVE (DCR): Either the facility's or headquarters' staff person who processes service contracts or commodity purchases, answers questions regarding the transaction, and assists the vendor in complying with the DVBE requirements.

DISABLED VETERAN BUSINESS ENTERPRISE (DVBE): Refer to the CCR, Title 15, Section 3000.

GOAL: Refer to the CCR, Title 15, Section 3000.

GOOD FAITH EFFORT (GFE): Refer to the CCR, Title 15, Section 3000.

DVBE BUSINESS UTILIZATION PLAN: A plan submitted by a bidder to the Department of General Services (DGS) and approved as set forth in PCC Section 10115.15.

22100.4 Certification

Refer to the CCR, Title 15, Sections 3000 and 3475, et seq., CDC Form 1457, DVBE Mandatory Participation Requirements for Competitive Bid Contracts, and CDC Form 1458, DVBE Mandatory Participation Requirements for Sole Source Contracts.

22100.4.1 Disabled Veteran Business Enterprises Contact

An organized network between facilities and headquarters shall be developed to facilitate the dissemination and exchange of DVBE information and policies.

Each facility and headquarters procurement office shall designate one staff member to serve as the contact person regarding all DVBE issues.

The DVBE contact shall coordinate with CPS on the following areas:

- Staff/vendor training.
- Dissemination of policies and procedures.
- Technical assistance.
- DVBE outreach activities.

All DVBE printed materials pertaining to contracts, procurement, and/or outreach activities shall be reviewed by CPS before distribution and implementation to ensure that the information complies with current CDCR policy and legislative mandates.

22100.4.2 Referral Organizations

Refer to CDC Form 1457, DVBE Mandatory Participation Requirements for Competitive Bid Contracts, and CDC Form 1458, DVBE Mandatory Participation Requirements for Sole Source Contracts.

22100.4.3 Focus and Trade/Professional Publications

Refer to CCR, Title 15, Sections 3000 and 3475, et seq.

22100.5 Good Faith Effort Requirements

Refer to CCR, Title 15, Sections 3000 and 3475, et seq., CDC Form 1457, DVBE Mandatory Participation Requirements for Competitive Bid Contracts, and CDC Form 1458, DVBE Mandatory Participation Requirements for Sole Source Contracts.

22100.5.1 Participation In Purchases

In accordance with the CCR, Title 15, Section 3475, purchases made under the delegated purchase authority for an amount of \$15,000 or less are exempt from DVBE participation requirements.

22100.5.2 Participation Goal/Good Faith Requirements in Service Contracts

Refer to the CCR, Title 15, Sections 3000 and 3475, et seq., CDC Form 1457, DVBE Mandatory Participation Requirements for Competitive Bid Contracts, and CDC Form 1458, DVBE Mandatory Participation Requirements for Sole Source Contracts.

22100.6 Disabled Veterans Business Enterprises Forms

This Section describes the forms needed to document and monitor DVBE compliance. Instructions on completing the forms provide users with an understanding of the purposes of the individual forms as well as how each form corresponds with the others to produce a comprehensive system of compliance tracking.

The data on DVBE compliance forms is used to prepare the annual Report to the Governor and the Legislature. The forms shall be submitted by the CDCR contract/procurement offices to the appropriate headquarters' office in a complete and timely fashion.

All original DVBE documents shall be maintained with the contract to provide an audit trail.

22100.6.1 CDC Form 1457, DVBE Mandatory Participation Requirements - Competitive Bid Contracts

The CDC Form 1457, DVBE Mandatory Participation Requirements - Competitive Bid Contracts, shall be used for all CDCR competitive bid contracts, which contain DVBE requirements. This package shall be included with all Invitations for Bid, Requests for Proposal, and Requests for Quotations when released to interested bidders.

The CDC Form 1457 provides a brief overview of the DVBE program and legislative mandates. Refer to CDC Form 1457 for specific instructions.

22100.6.2 CDC Form 1458, DVBE Mandatory Participation Requirements - Sole Source Contracts

The CDC Form 1458, DVBE Mandatory Participation Requirements - Sole Source Contracts, shall be used for all contracts exempted from the competitive bid process and from advertising in the California State Contracts Register (sole source contracts).

Sole source contracts are not exempt from DVBE compliance unless they are exempt pursuant to CCR, Title 15, Section 3475, et seq. Refer to CDC Form 1458 for specific instructions.

22100.6.3 CDC Form 1786, DVBE Participation in Exempt Contracts

The CDC Form 1786, DVBE Participation in Exempt Contracts, documents DVBE participation in competitive bid and sole source contracts, which are exempt from DVBE requirements.

Although the contract is exempt from DVBE requirements, any documented participation that may exist in the bid proposal/proposed contract shall be reported.

The DVBE participation information gathered from the CDC Form 1786 shall be recorded on the CDC Form 1428.

Whenever a potential bidder/contractor obtains a competitive bid or sole source package for a DVBE-exempt contract, a CDC Form 1786 shall also be supplied to the potential bidder/contractor who shall be encouraged to complete and return the form if the contract contains documented DVBE participation.

22100.6.4 CDC Form 1428, Annual Monitoring Report Of DVBE Participation In Contracting

The CDC Form 1428 shall be used to record DVBE expenditure and participation data for inclusion in the annual Report to the Governor and the Legislature. Refer to CDC Form 1428 for specific instructions.

22100.6.5 CDC Form 1818, Request to Exempt Contract from DVBE Requirements

The CDC Form 1818, Request to Exempt Contract from DVBE Requirements, shall be used to request DVBE exemptions for service and public works contracts. Refer to CCR, Title 15, Section 3475, et seq., to determine exemption criteria. Refer to CDC Form 1818 for specific instructions.

22100.7 Disabled Veterans Business Enterprises Standard Contract Language

Unless specifically exempt, the following standard DVBE contract language shall be included in all contracts:

Over \$15,000

"Disabled Veterans Business Enterprises (DVBE) Conditions"

- To the best of the Contractor's ability, the Contractor shall fulfill his/her obligations in dispensing that portion of the contract amount to the DVBEs as identified in the reply to the DVBE Mandatory Participation Requirements. Said reply by reference is a part of this contract and is on file and available for review Monday through Friday between the hours of 9:00 a.m. and 4:00 p.m. at the contracting location.
- Contractor agrees that the State or its delegate will have the right to review, obtain, and copy all records pertaining to performance of the contract. Contractor agrees to provide the State or its delegate with any relevant information requested and shall permit the State or its delegate access to its premises, upon reasonable notice, during normal business hours to interview employees, inspect and copy such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with PCC Section 10115 et seq. and CCR, Title 2, Section 1896.60 et seq. Contractor further agrees to maintain such records for a period of three (3) years after final payment under the contract."

\$15,000 or Less

"Contractor agrees that, in the event the contract is amended to exceed \$15,000, Contractor shall comply with CDCR's DVBE participation goals as set forth in PCC Section 10115(c)."

22100.7.1 Departmental Contract Representative Responsibilities

The DCR is the primary facility's or headquarters' staff member responsible for the coordination and processing of a specific contract.

The DCR shall provide information and/or assistance to all potential bidders/contractors regarding participation requirements. In this capacity, the DCR shall:

- Answer questions regarding DVBE certification and GFE requirements.
- Provide potential contractors with a DVBE Resource Packet for identifying State and local DVBE referral organizations and focus and trade/professional publications.
- Clarify any other contract-related issues.

If the DCR cannot adequately respond to bidders'/contractors' questions, the DCR shall contact their designated contract analyst in headquarters.

If the contract analyst is unable to assist with a specific issue, the contract analyst shall contact CPS.

The DCR shall accurately document all contacts from potential contractors including the specific types of information and/or assistance provided.

22100.8 Procurement Services

All procurements made under the delegated purchase authority are exempt from DVBE requirements.

Generally, all purchases which exceed the delegated purchase authority limit are processed by DGS, which has the responsibility for DVBE compliance and reporting, unless otherwise directed by DGS.

22100.9 Revisions

The Deputy Director, HR, or designee shall ensure that the contents of this Article are accurate and current.

22100.10 References

PCC §§ 2050, et seq., 10115, et seq., 10340(b)(1), and 10356(c).

W&IC § 1753.3.

CCR (2) § 1896. CCR (15) §§ 3000, 3475, 3476, and 3477.

SAM §§ 1200, et seq., 3500, et seq., and 3612, et seq.

ARTICLE 20 — INMATE WELFARE FUND

Revised June 4, 2002

23010.1 Policy

The Director administers the Inmate Welfare Fund (IWF) as a trust for the benefit and welfare of all inmates under the jurisdiction of the Department. The IWF is used to provide the following:

- Leisure time activities for inmates.
- Essential items for purchase by inmates.
- Opportunities and training for inmates to be creative and to profit from their handicraft products.

23010.2 Purpose

The purpose of this Article is to provide the guidelines for the correct uses of the IWF.

23010.3 Responsibility

Warden

Each Warden administers the IWF programs at their respective institution/facility.

Inmate Welfare Fund Officer

The IWF Officer provides overall planning and guidance regarding IWF operations.

23010.4 Budget

Each institution/facility shall budget IWF expenditures so that expenditures shall not exceed budget allocations and revenues from IWF activities unless approved by the Central Office IWF Officer. An appropriate exception would be if a major IWF project has been authorized, (i.e., replacement equipment, new equipment for new institutions/facilities, and startup inventories).

There may be unanticipated deficiencies due to situations which occur after approval of the institution's/facility's IWF budget. These unanticipated deficiencies shall be carried into the subsequent fiscal year by the institution/facility.

Any IWF expenditures shall be consistent with the provisions of this Article.

Inmate Advisory Committee

The institution/facility Inmate Advisory Committee, or other group(s) representing the inmate body, shall submit in writing their view of proposed expenditures, particularly in the area of inmate benefit expenditures, during the preparation of the IWF budget.

23010.5 Revenue

The following areas are the major sources of IWF revenue:

- Canteens at each institution/facility (DOM Chapter 5, Article 50).
- Handicraft programs at some institutions/facilities (DOM Chapter 5, Article 34).
- Photo projects at some institutions/facilities.
- Interest on investment of idle inmate funds and IWF money.
- Donations.

23010.6 Expenditures

Purchases or services may be charged to the IWF if funds are available and the item is consistent with the policy for IWF use.

23010.6.1 Authorized Expenditures

The following items are examples of appropriate expenditures from the IWF:

Inmate Benefits

- Purchase of, repair to, and postage on fiction books for inmate libraries.
- Newspaper and magazine subscriptions for library and entertainment purposes.
- Rental of movie films and video tapes (including postage and/or freight) for institutions/facilities and permanent camps, and basic cable service when regular television reception is unavailable.
- Paints and materials for signs and show cards.
- Miscellaneous expenses for prizes and awards, general entertainment, and New Year's entertainment.
- Minor construction, (i.e., a few shelves, camp or yard canteen shacks, etc., and repair projects for the benefit or welfare of inmates). Procedures outlined under Chapter 2, Article 4 shall be followed, and any construction to be paid out of the IWF shall be submitted to the Director for approval.
- Institution inmate visiting centers expenditures.

Canteen

- Salaries and benefits for the institution/facility canteen manager and other canteen positions.
- Merchandise purchases for resale to inmates.
- Purchase of canteen materials, (i.e., wrapping paper, paper bags, twine, paper napkins, and miscellaneous operating expenses, such as printer/fax supplies, stationary, and repairs to counters and shelves.

- Purchase and repair of equipment used in the canteen, such as sale scanners and terminals, typewriters, adding machines, or any equipment necessary for the operation of the canteen.
- Temporary help.

Handicraft

- Materials purchased for resale to the inmates for their projects.
- Miscellaneous operating expenses in production of articles for sale, (i.e., glue, brushes), rental of equipment, and repair of movable equipment. Purchase of equipment necessary for the production and sale of handicraft items does not include items used in occupational therapy or in teaching of arts and crafts.

Photo Project

- Rental, purchase, and repair of cameras.
- Miscellaneous items, such as backdrops or lights.
- Photographic film.

Administration

- Accounting personnel working on IWF bookkeeping.
- Miscellaneous office expenses and equipment for IWF accounting positions.
- Workers' Compensation Insurance premium payments on all IWF positions.

Staff Benefits

- Staff benefits, including employer contributions for retirement, health and welfare insurance, and unemployment compensation for IWF positions.

Inmate Pay

- Pay for inmates employed in IWF activities, such as canteen, handicraft, photo projects, and motion picture projectionists.

23010.6.2 Unauthorized Expenditures

The following items are examples of expenditures that shall not be financed from the IWF:

- Replacement of inmate canteen cards or canteen draw amounts.
- Canteen additions, alterations, and equipment installed as part of the building unless approved by the Director.
- Repairs to the canteen building, (i.e., windows, window shades, replacement of lighting fixtures, repairs to floors, heaters, or any equipment installed as part of the building).
- Repairs to a fixed portion of the handicraft shop, room, building, or any equipment installed as part of the building.
- Utility payments.
- Shop equipment, tools, etc., used in occupational therapy, for institutional special projects, or in teaching arts and crafts.
- Musical instruments.
- Repairs to and supplies for musical instruments.
- Sheet music.
- Purchase of nonfiction, text, or reference books and pamphlets.
- Repairs of nonfiction, text, and reference books and pamphlets.
- Postage on nonfiction, text, and reference books for inmate libraries.
- Correspondence courses, including departmental self-study courses.
- Miscellaneous expenses, such as printing, pamphlets, and other items used in organized educational courses.
- Supplies and equipment for the production or distribution of institution/facility publications.
- Subscriptions for trade magazines.
- Original complement and replacement of motion picture, radio, and television equipment.
- Repairs to motion picture equipment.
- Television and radio alteration and repairs, purchase of tubes, headphones, parts, phonograph records, and recording tapes.
- Athletic clothing, band uniforms, and athletic supplies, expenses, and equipment.
- Housing, furniture, dishes, linen, television sets, etc., for family visiting.
- Overtime for employees supervising special inmate activities, such as athletic events, stage shows, self-help group, etc. (Such overtime shall be paid from the General Fund.)

23010.7 Procurement

Every effort shall be made to purchase IWF merchandise and equipment at the lowest possible price consistent with quality requirements and accepted purchasing practices.

23010.7.1 Bid Requirements

When a purchase order is to exceed \$1,000, the formal bid procedure based on written specifications shall be used unless there are valid reasons for not going to bid.

For purchases between \$500 and \$1,000, price quotations shall be obtained in writing from all interested vendors to obtain the best prices. The bid procedure may be used when appropriate.

For purchases less than \$500 and items not available under State contract or not directly purchased from the manufacturer, informal methods for obtaining prices, such as telephone quotations and vendor price lists, may be used as a basis for issuing the purchase order if there is reasonable assurance that the most advantageous price is available.

Documentation of bid solicitations and related correspondence shall be maintained in the procurement files.

Negotiations shall be attempted in all purchases to obtain the best price.

23010.7.2 Operating Expense Items

Whenever possible, purchase orders shall be placed directly with the manufacturer rather than local vendors. Canteen purchasing shall be geared to take advantage of the many promotional offers and special discounts available. If minimum case requirements exceed one institution's/facility's needs, arrangements can be made with other institutions/facilities to split orders with the purchase orders and invoices processed by Headquarters to allocate expenditures to the participating institutions/facilities.

Institutions/facilities are encouraged to solicit sample or promotional merchandise that can be given to the inmate body.

Existing State contracts for items that are used to operate the institutions/facilities shall be used for purchasing IWF items when the prices are lower than from other resources.

Products from the PIA may be offered for sale to inmates through the canteens on the same basis as commodities purchased from commercial sources.

23010.7.3 Equipment

Institutions/facilities taking advantage of State contract prices when purchasing IWF equipment shall submit the purchase estimate to the Office of Procurement, DGS, if this is required by the terms of the Office of Procurement contract with these vendors.

23010.7.4 Consolidation of Orders by Headquarters

To take advantage of quantity purchasing, the Central Office IWF Officer shall initiate action for consolidated contracts with vendors for the purchasing of certain merchandise and equipment items by institutions/facilities.

23010.7.5 Unbudgeted Equipment and Construction Projects

Purchase orders for equipment and for construction projects not previously budgeted shall be submitted with justifications to the IWF Officer for approval.

23010.8 Review of Financial Condition

The DOF conducts a biennial audit of the IWF that includes an audit report summarizing expenditures by major categories.

At least one copy of the audit report shall be posted at the inmate canteen, and at least one copy shall be made available in the inmate law library for inmate review.

At the end of the intervening fiscal year, the institution/facility shall post, at the inmate canteen, at least one copy of the institution's/facility's statement of operations, and one copy shall also be made available in the inmate law library for inmate review.

Institutions/facilities shall post a copy of the latest Monthly Calstars Expenditure Report and Statement of Operations at each inmate canteen every quarter. A copy of these statements shall also be placed in the inmate law library.

23010.9 Services to Other Organizations

A 10 percent service charge, which is remitted to the IWF, shall be added to monthly inmate payrolls when billing other organizations for inmate services not performed for facility convenience. When a blood sale is authorized (California Code of Regulations (CCR), Title 15, Section 3359), the institution may impose an additional charge to the purchaser to retrieve the cost of Department resources used in drawing the blood. The proceeds of such charges shall be deposited in the IWF.

Inmate payrolls shall not be processed through the IWF.

23010.10 Service Charges for Handicraft Items

To defray handling costs on the purchase of materials used in the manufacture of handicraft articles and to balance possible losses,

10 percent shall be added to the purchase price only, exclusive of costs, such as State tax, freight, and handling, and charged to the inmate for such articles. No charge shall be made on canceled orders. This service charge shall be deposited in the IWF.

Handicraft Items for Sale

A 10 percent administrative surcharge shall be added to the price established by the inmate on all articles placed on sale including paintings. However, one percent will be refunded to the inmate for the sales tax paid on the raw materials used in the handicraft articles sold.

Paintings

"Paintings" shall include all kinds of pictures, drawings, sketches, etchings, and any frames that are attached.

Repair of Handicraft Items

A 10 percent administrative surcharge shall be added to the cost established by the inmate for the repair of handicraft-type articles for State employees or the public through the handicraft program. This surcharge shall be deposited in the IWF.

23010.11 Service Charge on Inmate Donations

Ten percent shall be deducted from inmate donations for deposit in the IWF to offset processing costs. The 10 percent charge will be made in accordance with DOM Chapter 5, Article 37.

23010.12 Property Loss, Cash Shortages, and Uncollectible Checks

The IWF shall not be used to reimburse inmates for the theft or loss of personal property including, but not limited to, canteen cards, canteen draw balances, ducats, trust funds, handicraft items, or checks received for handicraft sales that become uncollectible. Inmates shall submit Victim Compensation and Government Claims Board claims for such losses in accordance with DOM Chapter 5, Article 53.

23010.13 Distribution of Contraband Currency

In accordance with DOM Chapter 5, Article 20, Disposition of Currency, all contraband currency confiscated from inmates shall be deposited in the IWF as miscellaneous income.

23010.13.1 Contaminated Currency

After contaminated currency is confiscated, it shall be placed in a sealed plastic container clearly marked "CONTAMINATED." The container shall be turned in to the Associate Warden, Business Services (AWBS) or a designated Business Services representative for mailing to the Department of Treasury for destruction. The AWBS or representative shall enclose a letter instructing the Department of Treasury to deduct any processing fee from the contaminated money amount, and issue a check payable to the IWF for the balance, if any, of the contaminated money.

The letter and contaminated money shall be packaged and mailed to:

United States Government
Department of Treasury
Bureau of Engraving and Printing O.C.S. Room 344
Post Office Box 37048
Washington, DC 20013

Upon receipt of reimbursement, the AWBS or representative shall deposit the check into the IWF.

23010.14 Revisions

The Chief Financial Officer, Office of Fiscal Services, or designee shall be responsible for ensuring that the contents of this Article are kept current and accurate.

23010.15 References

PC §§ 2813, 5005, 5006, and 5007.

CCR (15) (3) §§ 3104, 3359.

DOM §§ Chapter 2, Article 4, and Chapter 5, Articles 20, 34, 37, 50 and 53.